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No. 36997 FRIDAY, MARCH 14, 1958. Price 20 Cents

## COMMENT OF THE DAY

### INDONESIA'S PAPER WAR

THE "civil war" in Sumatra must be expected to remain for some time to come within those curious limits with which the "Tuchun wars" in China made the world, and especially closer spectators, familiar after the First World War. There was then a minimum of bloodshed, a platoon of "war" communiques, and a maximum of mendacity. The wars were then fought and won by industrious young scribes with much imagination and no respect whatever for the truth.

A more serious aspect may come later, for from decisions of limited range often spring events of far greater moment. The refusal of President Sukarno and his friends to accept the position taken by Dr Hatta and his supporters—which they were perfectly entitled to do—and to send troops into action, take this rank.

### Propaganda Line

FOR the present the world must expect to receive a stream of propaganda from the Indonesian Government spokesmen covering up their resort to armed force with daily assertions of foreign intervention. Arms will be reported descending daily from the skies all over Central Sumatra. There will be no details as to where these mysterious aircraft came from, whether they took off from Calcutta, Rangoon, Singapore, Manila, or any other field.

There is always the possibility that people who make these statements may be called to account for it through the creation of a UN investigation Commission, so it is best not to go too far in making assertions that can be controverted. It is sufficient to make them in order that they may be broadcast and embroidered all over the air by Moscow and Peking.

From the rebels we may expect also assurances not so much of foreign intervention and aid, but of reinforcement and sympathy from a variety of other official or unofficial groups in the archipelago. The name and fame of the Achinese are things to conjure with. They will come in—so the rebel leaders already say—with 200,000 fierce and furious fighters of the sort who kept the Dutch at bay for decades and whose little independent State actually entered into Treaty relations with Britain long before Hongkong was ever heard of. And when they come in so will the Christian and other groups in Sumatra. So runs the tale already.

### Technique

THE Indonesians have their own singular way of doing things—always by halves and never with outright fanaticism except perhaps in the case of the Dar Islam movement, which had never had the remotest claims to be a national affair. In Cairo the industrious clerks of the Omani Pretender write a piece every day—out of whole cloth. Cairo Radio sends it round the world and somehow or other one or two of them always manage to get into print. The same sort of thing may be expected for some time in Indonesia. But there are political and economic problems that simply have to be solved. And if they are not there will be real civil war and perhaps real intervention, for in that area of the world where Sumatra is only a stone's throw from Malaya there must be a care. But the time has not come for mediation even by such a close friend and neighbour, let alone a move by the UN.

# WEST SUFFERS SEVERE REVERSES

## Hongkong Bank Chairman Presents Review At Annual Meeting

"There is no disguising the fact that the West, and the United States in particular, have suffered a severe political reverse due to the strategic consequences of the Russian advances in technology," said Mr C. Blaker, Chairman of the Hongkong and Shanghai Banking Corporation, in his review of the year at the Annual General Meeting this morning. Mr Blaker added: "It would seem doubtful whether the present policies will meet this changed situation and the demand for a more positive approach to break the deadlock seems likely to gain in intensity."

Dealing with Asia, Mr Blaker said that it would be unwise to be complacent at a state of affairs with so many explosive possibilities.

Mr Blaker also said that Hongkong had been fortunate in recent years in the inflow of capital, much of which has been used in new industries, but he added that it would be "unwise to rely on this continuing indefinitely."

The text of the Chairman's review follows:

During the past year there was very little improvement in international relations throughout the world. The outstanding problems in the Middle East seemed no nearer solution and in spite of discussions on disarmament and proposals for high level talks, the main issues between the two sides still remained unresolved. In the scientific field, on the other hand, there were two remarkable developments which seem likely to have a major influence on the future progress of the human race—the launching of the Russian earth satellites and the first steps in the control of thermonuclear reactions. Although the latter may prove, in the long run, to be the more important, the immediate impact of the former was very much greater, showing as it did the lead that Russia has now gained in intercontinental missiles. There is no disguising the fact that the West, and the United States in particular, have suffered a severe political reverse due to the strategic consequences of the Russian advances in technology. It would seem doubtful whether the present policies will meet this changed situation and the demand for a more positive approach to break the deadlock seems likely to gain in intensity.

**Recurring**

These recurring currency crises have evoked serious consideration as to whether it is advantageous to the United Kingdom to maintain sterling as an international currency. Those who argue against have drawn support from the fact that the drain last year took place at a time when the country was paying its way, and various estimates have been made to show that the foreign exchange earnings of the City are much less than the generally supposed amount. While this is not the place to enter into this interesting discussion, I should like to say this, that from the point of view of a bank such as ours, mainly concerned with the financing of international trade, any suggestion that sterling should abdicate the role it has held for so long, can only be viewed with apprehension. Notwithstanding periods of distrust from time to time, in recent years sterling has been found able to take the place of sterling and it is difficult to see how the multitude of transactions which take place in our particular area could be cleared without the facilities sterling and the City of London provide. This applies also to other parts of the world and a return to bilateralism, with all the frustrations this would involve, would seem to be the inevitable result of any serious limitation in the use of these facilities.

The common market, composed of France, Western Germany, Italy and the Benelux countries, officially came into being on 1st January 1958 but the wider free trade area, which is to be established around these countries and which is intended to comprise most of Europe as well, has still many bridges to cross. Progress seems likely to be slow, as, although there is growing agreement on the general advantages of such an area, when negotiation turns to particular problems the extent of the difficulties is revealed.

### Picture

The economic picture has been somewhat mixed and it is not clear whether in 1958 the danger most to be guarded against is rising costs or falling production. In fact the inflationary tendencies that have been so much a feature of the postwar era are still growing or whether a period of deflation is about to set in. Whatever the future may hold the increasing cost of manufactured goods and a considerable drop in commodity prices, has pressed heavily on the balance of payments of the Eastern countries in which we operate and this must inevitably slow up their progress. The heavy cost of modern industrial development has intensified the world capital shortage and this, coupled with an overall fall in the dollar services, has resulted in a growing use being made of drawing facilities member countries enjoy with the International Monetary Fund. During the year many currencies suffered a period of considerable strain and in Europe the problem was aggravated by the strength of the Deutsche Mark, the weakness of the French Franc and the rise in wages and prices in the United Kingdom. Sterling once again had to bear the brunt of the speculative pressure, and in September the bank rate was raised to 7%, the highest since 1921, with restrictions on both bank advances and expenditure by local authorities. These measures halted the drain on the sterling area reserves and as a result the short-term position has greatly improved, but judgment must be deferred as to whether or not the overriding problem of keeping British costs in line with those of her competitors has been solved.

### Asia

The political situation in the Far East shows little outward change. Many outstanding problems still remain unsolved but while it would be unwise to be complacent at a state of affairs with so many explosive possibilities, the fact that local disturbances have not spread gives ground for satisfaction. Deterioration in the

## BY-ELECTION DEFEAT FOR TORIES

Glasgow, Mar. 13. THE Labour Party dealt the Conservative Government's prestige a blow today, capturing its parliamentary seat at Kelvingrove with a small majority. The result, declared tonight, was: Mrs Mary McAllister, Labour—10,210 votes; Mrs Katharine Elliot, Conservative, 8,850 votes. Mr David Murray, Liberal—Home Ruler—1,622 votes. Mr William Park, Independent Labour Party—1,307 votes. Labour majority—1,360 votes. Figures at the 1955 General Election were: Colonel Walter Elliot, Conservative, 14,844; Mr J. L. Williams, Labour, 11,060. Conservative majority, 2,880. This was the Government's second loss of a seat within five weeks. At Rochdale, Lancashire, last month, it suffered a humiliating defeat, losing to Labour and coming bottom of the poll with about half the votes given to an intervening Liberal.

### PRIME ISSUE

Prime issue of the Kelvingrove contest was the Government's new Rent Act, which raises rents and ends security for hundreds of thousands of people. It threatens some of the shabby slums with eviction from their homes. Conservatives' share of the total votes polled at Kelvingrove tumbled from 55.38 per cent at the 1955 general election to 41.61 per cent.

Mr Hugh Galtell, Labour Party leader, hailed the result as "a fine victory for Labour, won under conditions that were in some respects most unfavourable. It is a clear call to the government to amend the Rent Act without delay," he added. State of parties in the House of Commons now becomes: Conservatives and allies 359; Labour 230; Liberals five; Independents nine; vacant seats two.—Reuter.

## MACMILLAN & EISENHOWER TO CONFER

Washington, Mar. 13. Mr Harold Macmillan, the British Prime Minister, will go to Washington for talks with President Eisenhower on June 9 and 10, it was announced here tonight.

Mr Macmillan will have a general discussion on world problems with the President and Mr John Foster Dulles, the American Secretary of State. The British and American leaders are also expected to discuss the question of summit talks with the Russians if a decision has not been reached already on this, according to Mr James Hagerty, the President's Press Secretary.

### First Meeting

It will be the first meeting since last October when Mr Macmillan and President Eisenhower produced a joint "declaration of common purpose" on Anglo-American relations and world peace.

Previously they met in Bermuda in March, 1957, when agreement in principle was reached on the establishment of US missile bases in Britain. During his June visit, the Prime Minister will also deliver the commencement address at De Pauw University, Greensburg, Indiana.

Mr James Hagerty said that Mr Macmillan was making the trip to De Pauw because the British Prime Minister's grandfather had been the first medical graduate of that University.

### His Decision

It was understood that the Prime Minister's decision to come to Washington had been arrived at in the last two or three days.

Usually well-informed sources said that the decision followed direct correspondence between the President and the Prime Minister.

One official source said that the fact that the Prime Minister was returning to Washington so soon after his talks with the President last October should not occasion any surprise. This source said that Mr Macmillan would probably be crossing the Atlantic to confer with the President at fairly regular intervals.

Officials said that the idea of Mr Macmillan going to De Pauw University originated as long ago as September, 1956. Once Mr Macmillan had decided that he could attend the University ceremony this June he immediately informed the President of his intention.

They then agreed that the visit would present a good opportunity for them to review world problems once more.—Reuter.

## Cuban Minister Escapes Assassination

Havana, Mar. 13. A top Government official narrowly escaped assassination in Havana this morning.

Raul Menocal, Minister of Commerce until last week's Cabinet shuffle, was unhurt when shot at in his car by an unidentified man, but his secretary Perez Saldivar was wounded.

Menocal was just leaving his residence at the time. Police said his assailant hired a taxi at the corner of two streets in Vedado and sat in it until Menocal's car halted for a light. The man then ordered the taxi to start and fired several shots at Menocal's car. He ordered it to stop but the driver refused and the gunman then jumped out of the taxi and raced away. Police threw a cordon around the block and began a house-to-house search.

### TERRORISM

Menocal is a politician who has been closely identified with President Batista. He had been an unsuccessful candidate for the mayoralty of Havana in 1946.

In another instance of terrorism Castro sympathisers threw a bomb into the new Havana Hilton Hotel which will be opened March 19 and scattered gasoline over the night club, set it afire and escaped, guards put out the flames but damage was estimated at \$25,000.

Havana was outwardly quiet today on the first anniversary of last year's attack on the Presidential Palace in which over forty persons mostly students were killed. However, one person was injured in an attempted demonstration at a requiem mass for the dead at the Sacred Heart Church.—United Press.

## PLANES CARRYING N-BOMBS

## NO ADDITIONAL RESTRICTIONS NECESSARY

Washington, Mar. 13. The US Air Force said today that no additional restrictions were necessary on planes carrying nuclear bombs since they already had standing instructions not to fly over cities and other inhabited areas.

The accidental dropping of an unarmoured nuclear bomb on a South Carolina village on Tuesday had provoked questions on the carrying of bombs by the Strategic Air Command's planes.

A spokesman said that nuclear weapons were never carried aboard planes making simulated bombing runs over American cities.

The Air Force said the retaliatory bomber forces are in continuous combat readiness training. It points out that in this training US planes are used as targets.—China Mail Special.

## Government Reshuffle

New Delhi, Mar. 13. Premier Jawaharlal Nehru tonight announced a Government reshuffle involving a substantial number of Cabinet posts but carrying no profound political significance. The reshuffle, which resulted in the fourth Nehru government since India received its independence, was required by the resignation of Finance Minister, T. T. Krishnamachari and the death of Education Minister, Maulana Azad. All ministers in the reshuffled government are members of Nehru's Congress Party.—France-Press.

## CHANCES FOR RATINGS

London, Mar. 13. Promotion for lower deck men in the Royal Navy is to be increased, Mr. Admiralty Secretary to the Admiralty, said tonight. At present a quarter of the officers come from the lower deck. Mr Allan said details would be announced in a month or two of a new scheme for promotion of ratings picked out as suitable for training and advancement direct to officer rank. He hoped it would start in 1959. The intention was to make it almost parallel with cadet entry through the Dartmouth Naval College, he said.—China Mail Special.

## LABOUR LEADERS TELL IKE TAX CUT NEEDED

Washington, Mar. 13. AFL-CIO leaders told President Eisenhower today that the administration decision to defer anti-recession tax cut action was "unnecessary and unwise" and would cause more unemployment.

George Meany, AFL-CIO president, said the Federation's Executive Committee told Mr Eisenhower there would be "no sense" in waiting until next month before deciding the tax cut issue.

The Treasury Secretary, Robert Anderson, said after a conference with President Eisenhower yesterday that no tax reduction decision would be made until "the future course of the economy has been clarified."

But Mr Meany and the other AFL-CIO leaders said tax cuts and other anti-recession measures should be put in effect now. He told newsmen every economic indicator suggested that March would show a further decline in the economy.

### SHOW CONCERN

Mr Meany described the conference as "very friendly" and said the President "certainly did" show concern over rising unemployment. He said Mr Eisenhower did not offer any suggestions but said he would take the AFL-CIO recommendations under consideration. Today, Mr Meany gave the President a letter urging a five-point programme adopted by

## Unemployment In Britain

London, Mar. 13. Unemployment in Britain increased by 30,000 in the first month and a half of 1958, the Ministry of Labour said here today. Unemployment figures released by the Ministry showed that the figure had gone from 395,000 at the end of 1957 to 425,000 by mid-February. Of the total of 425,000 unemployed and 32,000 were attributed to temporary lay-offs. The figures showed an estimated 1.5 per cent of the total working population unemployed in February against 1.8 per cent in January. The figure for February 1957 was 1.8 per cent also.—United Press.

## Bubonic Plague

Saigon, Mar. 13. South Vietnam health authorities were taking emergency measures today in the village of Dien Long, where one child has died and another is critically ill with bubonic plague. It was the first time that bubonic plague has broken out in the region, some 40 miles southeast of Saigon.—France-Press.

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## In Your Saturday Mail

- In tomorrow's Weekend China Mail:
- ★ LAST DAYS OF SHANGHAI—by John Luff;
  - ★ HITLER'S MASTER SPY—by Chapman Pincher;
  - ★ THE BUSINESS OF WAR—by Major-General Sir John Kennedy; COMMENTARY—by Frank Owen;
  - ★ RAGS TO RICHES—by John Costrell;
- And GILES, LOW, FRIEL and all your favourite features in 20 pages packed for your weekend reading.



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CHARLES MCGRAW • SAM LEVINE

A UNIVERSAL-INTERNATIONAL PICTURE

## Letter To A London Newspaper

# MR K. ON OUTER SPACE

## A Problem For Discussion With The West

London, Mar. 13.

The Soviet Communist Party First Secretary, Mr Nikita Khrushchev, has devoted the policy section of his second letter to the Left-wing London weekly, the New Statesman, to a detailed explanation of the terms on which Russia will agree to discuss the problem of cosmic space at a "summit" conference.

This is the new feature of current Soviet "summit" proposals to the United States on which President Eisenhower is due to comment in his next letter to Moscow.

Mr Khrushchev's exposition of the point in the section of his letter which bears on current diplomacy, is dated March 5. Soviet agreement to discuss outer space on terms of a summit conference was first announced to the United States in an aide memoire of February 28 and repeated in a letter to the President of March 6.

Observers said here today that the added detail with which the Soviet position on outer space is expounded in the New Statesman letter would develop the public debate on the "summit" agenda.

In the New Statesman letter, but not in the two official communications to the United States, the Soviet Government is said to view a discussion of outer space mainly as a discussion on the future of the intercontinental ballistic rocket of which it now claims a monopoly.

### The Reasons

Mr Khrushchev discusses the reasons why Soviet agreement to discuss this issue is made dependent on two conditions:

● That it is linked with the question of banning nuclear weapons.

● And with the liquidation of United States military bases surrounding the Soviet Union.

The reasoning behind this position emerges as an intention to be certain that no negotiations should require the Soviet Government to abandon its chief weapon, the intercontinental rocket, unless the West is also called on to abandon its chief weapon—intermediate range rockets and the bases from which they would be launched.

It is for this reason that the Soviet Government is unwilling to isolate the outer space question from other disarmament issues.

### Similar

Observers here today said that Mr Khrushchev's letter showed the Soviet Government now adopting a position similar to the West on the impossibility of isolating issues now in dispute between the world powers.

Other apparent difficulties on agreeing a summit agenda are Western unwillingness:

1. To accept suspension of nuclear tests in isolation from a cut off of the production of fissionable material for weapons purposes. The Western powers claim this would permit a continued nuclear arms race while safeguarding Soviet Russia's present technical lead.

2. To discuss a German peace treaty in isolation from the problem of German reunification—China Mail Special.

## The Atom-Bomb Accident

London, Mar. 13. Mr Harold Macmillan, the British Prime Minister, expects to make a considered statement next Tuesday on the carrying of hydrogen bombs by aircraft over Britain.

Mr Charles Orr-Ewing, Under-secretary for Air, told the House of Commons this tonight after Mr Geoffrey de Freitas, Labour, had referred to the accidental dropping of an atomic bomb from an aircraft in South Carolina.

Mr Macmillan faces a barrage of questions from Labour members on the subject next Tuesday—China Mail Special.

## Dulles Leaves

Manila, Mar. 11. The United States Secretary of State, Mr John Foster Dulles, left by air today for Taipei after attending the Asia Council of Ministers conference here.

Mr Dulles will attend a conference of American officials of mission in the Far East in Taipei—Reuters.

## Human-Like Animal Captured

Djakarta, Mar. 12. THE Indonesian Army announced today the capture in South Sumatra of a monkey-like creature with decidedly human characteristics.

Retired Army Captain Mohammed Nardin described it as a female, about four feet tall, with short hair and long nails, and known locally as "Sindal."

He said the Dutch Colonial Government once offered a 5,000-guilder reward for capture of the animal. A courier was sent to the Prabumulih area with instructions to take the creature to Palembang.

—United Press.

## Bob Hope Leaves For Moscow A Fur Hat For Bing Crosby?

New York, Mar. 13. Comedian Bob Hope left by air for Moscow today to bring back "a fur hat that parts in the middle" for his long-time partner, Bing Crosby, and to bring culture to the Russians.

"I'm a cultural exchange," Hope said. "At least, that's what I jokingly called myself." He said he didn't know what he would be exchanged for. "They don't have Mickey Mouse," he said.

Hope plans to film two television shows in Moscow, using Russian talent.

"I hope to get the Red Army Chorus, a ballet troupe and some circus clowns, but nothing is definite," he said. "We won't know what we'll have until we get to Moscow."

### "GO HOME?"

The first show will be televised in the United States at April 19 by the National Broadcasting Company.

He said he planned to spend six days in Moscow. But after a glance at his visa he said, "I don't know Russian, but I think at the bottom of this thing it says, 'Yankos, Go Home!'"

Hope didn't expect to have any language difficulties "unless they ask me something." He said he would "love to trade gags" with Communist Party Secretary Nikita S. Khrushchev at an Embassy cocktail party. "But he'd have to spot me two vodkas."

The comedian said he would open his show in Russia with a monologue that would be censored by the Soviet Ministry of Culture.

"We're going to get an interpreter such as those working at the UN to narrate it as we go along," he said. "Then I want to stand up and be interviewed by my interpreter. I should be on the first leg of the road to Siberia by then."

He also said he did not share the sentiments of actor Cary Grant who said after a recent visit to Moscow that he liked the city because he could walk down the street without being hounded by autograph-hunters.

"That would drive me crazy," Hope said. "When I go I travel incognito. Translators, that means I hope somebody recognizes me." He said he hoped he was recognized in Russia.

"I've arranged for a balalaika band to march ahead of me playing 'Thanks For The Memories,'" he said.—United Press.

## War Ace Dies

New York, Mar. 13. Lt.-Comdr. Cornelius N. Nooy, one of the Navy's most decorated aces in World War II and a former Mayor of North Long Branch, N.J., died yesterday at Doctor's Hospital. He was 37.—United Press.

## 'DIABOLIC'—THE PERFECT MURDERER?

Turin, Mar. 13.

Police tonight examined the body of a young man found dead in a locked room today to see whether he is a second victim of Italy's self-styled "perfect murderer," known as "Diabolic."

The body was found in an unoccupied flat late this evening, after police had patrolled the town all day following a telephone call to a newspaper office last night declaring: "Tomorrow, Diabolic's blade will go into action again."

"Almonds are in bloom, open the windows." This followed a letter signed "Diabolic" sent to the paper three days ago. It announced that he would kill again on Thursday.

Marlo GIBBERTI, 27, was found stabbed to death in his room on February 25. He had been missing for ten days. A note left in the room asked, "Will you be able to find the murderer?"

Two days later, the newspaper and police received pencil-written copies in bad Italian. "Diabolic" boasted that he had committed the "perfect crime."

"We were intimate friends when we did our military service together. But then he betrayed me," he wrote. "Come and get me if you can."

In the search for the killer, police arrested 24-year-old Aldo Cugini, son of an industrialist at Bergamo, and booked him on a charge of killing Gibberti.

But "Diabolic's" letter three days ago—in the same writing as the first—claimed that they got the wrong man. "Do not charge Aldo. He is not capable of loving as I love, and he would not be able to kill as I kill," he said.—China Mail Special.

## RUSSIAN FLYING SAUCERS

Vienna, Mar. 13. Soviet technicians have developed and made successful test flights with "flying saucers," according to Soviet sources quoted by the Hungarian newspaper, Esti Hirlap, reaching here today.

It said the saucers, called "Deko-Planes," were 11.4 feet in diameter, and could reach an altitude of 9,600 feet.

Many successful test flights had shown they were easier to fly than any other aircraft.—China Mail Special.

## CAPITOL RITZ

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DAVID KRIST  
MILVA LUCHI  
DAVID KRIST  
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GREGORY PECK in "MAN IN GREY FANNEL SUIT"

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"DOCTOR AT LARGE"

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YOU'RE LOOKING WELL—HOW'S POP?

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ODD-DOES HE HAVE THESE ATTACKS OFTEN?

ONLY WHEN THE PAYMENT IS DUE!

PRECIOUS DROPS FOR PRECIOUS MOMENTS.  
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Front Gallery )	4.70	4.70
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CANTONESE OPERA

"THE FAIRY FROM THE 9 HEAVEN"  
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presented by SIEN FUNG MING PLAYERS

presented by SUN YIM YUEN PLAYERS

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YVONNE DE CARLO  
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## CABLE BRIEFS

Dearborn, Mar. 13. Some 40 members of the Dearborn Junior Chamber of Commerce staged a banquet in honor of Ann Hodges, 16, and only one thing went wrong.

That's right, they forgot to invite Miss Hodges. The Fordson High School junior won the State Championship in the Voice of Democracy contest over 3,500 other Michigan high school entrants.

Her comment: "They forgot about me all the time."—United Press.

San Francisco, Mar. 13. Mrs. Ericine McCann, 28, wife of a city fireman, has learned to take blows in her stride.

Mrs. McCann, mother of six and expecting another, calmly shepherded her brood out of their burning apartment yesterday, and her husband didn't even hear it until several hours later.—United Press.

Duluth, Mar. 13. Police believe that they have a sure sign that Spring can't be far off.

They arrested a girl on a charge of shoplifting a bathing suit.—United Press.

Memphis, Mar. 13. Another week or so and Ralph Smith's reason for moving here from London, Ontario, with his wife and their two children, will be gone.

Smith revealed yesterday that the family came here to be near their favorite singer, Elvis Presley—who is about to go into the Army.—United Press.

St. Paul, Mar. 13. Iden Hittle told authorities he was simply determined to raise money to pay his income taxes.

That, he said, was the only reason he set up a 30-railion still in his home and began selling the resultant moonshine for \$8 to \$10 a gallon.—United Press.

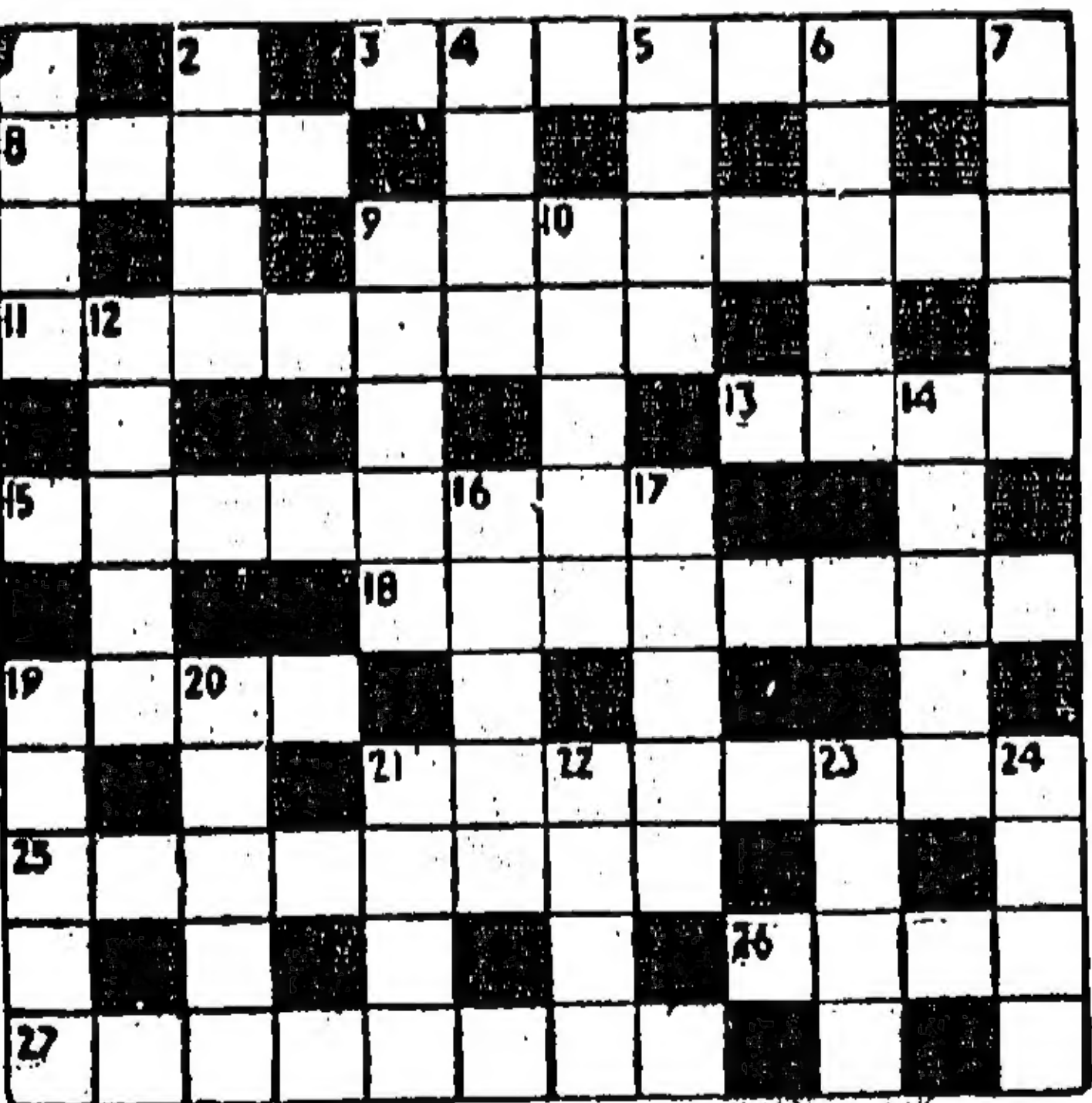
Milwaukee, Mar. 13. Edward Kleier, a new father, wants everyone to know about his daughter.

Kleier, a hardware store proprietor, put up an 18-foot neon sign on the front of his building. It reads: "It's a girl, 6 pounds, 11 ounces."—United Press.

## CHILD OUT OF DANGER

Cleveland, Mar. 13. Immediate post-operative danger after a delicate "open-heart" operation, lasting six hours on Tuesday, the news was received with delight by the village of Ousted, where Susan lived, and where 24 of the inhabitants had each donated about a pint of blood for the child's circulatory system during the operation.—France-Press.

## A British Crossword Puzzle



- ACROSS
- Base of a statue (8).
  - It's a frost (4).
  - Happening apt to occur (8).
  - Fertiliser for a dog? (8).
  - Cuddles up (8).
  - S-T-R-E-T-C-H (3).
  - Combustion unit (4).
  - Heavenly stuff, this (8).
  - One of the U.S.A. (8).
  - Old king gets a duck in game (4).
  - Horshipship (8).
- DOWN
- Bird's food—and human's! (4).
  - Sign on and include me (4).
  - Bird to be seen in her nest (4).
  - Not a good thing to live up to (4).
  - A certain amount of heat (6).
  - They often get plastered (6).
  - Dead split (5).
  - Curved stone (5).
  - He's got something (6).
  - Prime-donna of the past (5).
  - Transport animal (5).
  - A delusion as well? (6).
  - Rendered assistance (6).
  - Confused conflict (8).
  - Tools which break laws (4).
  - Boast (4).
  - Spirit of a person (4).
  - Really excited (4).

THURSDAY'S CROSSWORD—Across: 1. Gossip, 4. Code, 7. Attachment, 8. Ticks, 9. Sample, 11. Nan-keen, 13. Gossamer, 15. Setter, 18. Rect, 19. Hogmanay, 20. Gayer, 21. Saturn, 22. I G-I-ess, 23. Steep, 24. Present, 4. Cotton, 5. Disc, 6. Foot, 10. Ministry, 12. As-shen, 13. Gossamer, 14. Rather, 16. Trail, 17. Bayon.

## DULLES DISCUSSES POSSIBLE CONCESSION

## Will H-Tests Be Stopped?

## The Seato Talks Failed, Says Peking

Peking, Mar. 14. The Seato conference in Manila has ended in failure and the imperialists have failed to achieve their expected aims, states a commentary in today's Ta Kung Pao on the Seato Council meeting, the New China News Agency reported.

The paper adds: "The failure of the Manila conference is another landmark showing that imperialism is heading towards its end in Asia. 'But the Asian people will not relax their vigilance against imperialist schemes.'"

## Emptiness

The commentary says the final communiqué of the Manila conference is characterized by emptiness of its content. All questions in which sponsors of the conference have shown the greatest concern have not been clearly reflected in the communiqué.

The paper points out the final communiqué also omits entirely the matter of establishing United States guided missile bases on the territories of Asian members of Seato. It is obvious, the paper said, that owing to the vehement opposition of the people of Asia it would be inappropriate to openly discuss such a matter in an official document.

It is worth notice, the Ta Kung Pao continues, that Seato is further tied to other imperialist aggressive blocs as a result of the Manila meeting. It warns the Seato Asian countries of a greater risk of war they must shoulder in such a case.—France-Press.

Ufort Worth, Texas, Mar. 13. United States Air Force General O. P. Weyland, said today America had developed a hydrogen bomb small enough to be carried by a fighter-bomber.—Reuter.

## Impasse Between The West And Russia

Washington, Mar. 13.

Mr John Foster Dulles, the Secretary of State, was reported today to have discussed with the British and French Foreign Ministers in Manila a possible concession by the West regarding a halt to nuclear weapons tests.

There was no official confirmation of these reports, but it is known that Mr Dulles, before he left for the Seato council meeting in Manila, intended to take up the matter with the Allies.

Under study is a plan to separate a ban on weapons testing—which would be internationally supervised—from the previous insistence on agreement on a cut-off date for weapons production.

Such a joint proposal was part of the disarmament "package" laid before the Soviet Union by the Allied nations in the five-power disarmament talks held in London last year.

The United States administration is said to look with favour upon the suggestion that a concession on this point might induce the Soviet Union to join in seeking ways to break the disarmament impasse. At the same time, the administration does not want to make a unilateral move. However, the indications are that it would do so if Britain and France agreed.

## HINTS

There have been some fairly good strong hints coming from official quarters that only lack of Allied agreement stood in the way of a positive proposal being made by the United States to the Soviet Union.

There is an increasing belief among commentators here that disarmament is likely to prove eventually to be the only major topic which could usefully be discussed at a summit conference.

There might be other subjects such as removal of barriers to increase exchanges between the United States and the West, but a "first step" disarmament agreement would be the prime objective.

Before any concession is made to the Soviet Union on the issue of halting nuclear tests, however, the United States would probably await the outcome of the series of explosions it is scheduled to conduct at the Pacific testing grounds beginning in April.

## ACTION

Furthermore, the administration would probably wish to give Congress time to act on President Eisenhower's proposal to revise the present atomic energy law to allow him to share atomic secrets with the Allies.

If Congress acceded to the President's request and the United States would probably await the outcome of the series of explosions it is scheduled to conduct at the Pacific testing grounds beginning in April.

## 'Britain Is In The Class B League'

Washington, Mar. 13. The man in charge of conscripting recruits into the armed services has told Congress that the United States should not follow the British example in abolishing conscription because Britain "is playing now in a class B league."

Lieutenant-General Lewis Hetherly, Director of Selective Service, said in private testimony to a Congress committee, the text of which was published today: "I do not believe we can guide too much on what England may be doing because England is admitting things to herself that she is not admitting to other people. . . . She is playing now in a class B league, she is not a major league any more."—China Mail Special.

## Price Of Rubbish

London, Mar. 13. Household refuse collected by local authorities from the homes of Britain is worth more than £20 million sterling a year, the Institution of Municipal Engineers was told here today.—China Mail Special.

## China: Wives Practise The "Five Goods"

LIFE IN A CHINESE WORKER'S HOME

By WALTON A. COLE

London, Mar. 13.

Discovering the human beings who exist behind a national caricature is as rewarding as it is refreshing. One finds people who have the same basic aspirations and problems as one's neighbours.

It is no different in China, where 650,000,000 people are being organized into a giant Communist state. During my 12-day visit there this year, I did not confine my contacts to officials and dignitaries, but

was able to talk to and ask questions of men, women and children in diversified walks of life.

Living in flats as such has become as much a part of urban life in China as anywhere in the Western world. The flats are austere and strictly functional, but unfailingly the occupants all said that for them housing has never been so good.

The emphasis is much more on the community than the individual. The flat dwellers, but some of the problems have been stock situations in the West for years, like mothers-in-law and noisy children who disturb the neighbours.

I talked to Ma Ming-chin, a housewife of 60 who has three children, aged six years, two years and six months. She and her husband share a three-room flat with their mother-in-law in a new block of flats not far from a turbine factory outside Shanghai.

Two of the rooms are used for sleeping, the other for eating. Ma Ming-chin has to share a kitchen with a neighbour, and there is a joint lavatory. But let her tell her own story:

## Strict Budget

"My husband is one of the master workers at the factory earning 90 yuan (about £2.10) a month and he is paid fortnightly. I make out a strict budget, allowing 60 yuan a month for food.

"I practise the five 'goods' of the housewife and mother of the New China. It is good to encourage the husband in his work. The housewife must be good to her husband. It is good to have friendly relations with neighbours and mutually assist them. It is essential to make a good budget and adhere to it.

"We have few troubles with the neighbours and in this block of six families live over 35 people. We have disproved many popular theories such as unpleasantness when mothers-in-law are around, and that women cannot share kitchen.

"In the block there is a group leader for the housewives. The theme of the activities of the group is to help housewives practise the five 'goods'. Children are the main source of trouble in the neighbourhood and the group assists in solving problems of this kind.

## WEDDING IN SIGHT?



Sinatra

Farrow

HOLLYWOOD, Mar. 13. FRANK Sinatra, whose crooning made him famous, hasn't anything to say about reports he will wed sultry Mia Farrow.

Sinatra's only comment yesterday to hints by Mia Farrow that they may be wed was a brief statement here through his press agent.

"I have always believed that an actor's personal life is his own business," he said. "I see no reason to alter my thinking on this at this time."

From the other corner, there also was nothing but silence. Mia Farrow, whose husband Humphrey Bogart died in January, 1957, refused to comment, after hinting to friends that she might be star-struck.

"Any further statement has to come from Mr Sinatra," she said.

The 33-year-old actress has expressed her willingness to marry again. She told reporters: "If I thought I was never going to get married again, I'd retire from the human race."—United Press.

## "A Bunch Of Savages" KU KLUX KLAN "WIZARD" IS CONVICTED

Lumberton, N. Carolina, Mar. 13. A jury tonight convicted Ku Klux Klan Wizard James Cole of inciting a riot by Lumberton, N. Carolina, at a Klan rally on January 18. Cole faces a maximum prison sentence of two years, Judge Clawson Williams, who meted out a prison term to another Klan Wizard six years ago, said he would pass sentence tomorrow.

Both Cole and a lieutenant who has since renounced the Klan were convicted by an all-white jury. The jury deliberated only 22 minutes at the end of the three-day trial.

Cole was indicted and extradited from his home in Marion, South Carolina, on State charges that it was his refusal to call off the Klan rally that touched off the riot.

Hundreds of Indians, angered because of reports that the Klan was attempting to intimidate them, descended on the rally in a field near Marion, North Carolina, and roused the Klansmen with whapping, yelling and gunfire.

Most of the shots were fired into the air and only a few persons received superficial wounds. The Indians grabbed Klan banners and paraphernalia and sent the KKK members fleeing.

The State claimed that Cole, former junk dealer and part-time preacher, had directed Klan demonstrations against the usually-peaceful Lumberton by earlier cross burnings.

The defense claimed that most of the Klansmen, including Cole, were unarmed and that law enforcement officers refused to give the Klan protection. Defense counsel had told the jury earlier that the riot was staged "by a bunch of savages."

Judge Williams ordered both Cole and James Garland Martin, 33, of Redsville, North Carolina, held tonight in the custody of the Robeson County Sheriff, Malcolm McLeod, who was a chief witness against Cole.—United Press.

## DIVORCE FOR INGRID?

Rome, Mar. 13.

Attorneys for Ingrid Bergman and Roberto Rossellini sent urgent queries throughout the world today for evidence to strengthen the grounds for annulment of their eight-year-old marriage.

The search for evidence became necessary yesterday when a Rome civil court postponed for the third time a hearing on Rossellini's suit, pending receipt of pertinent documents from Stockholm, Mexico and elsewhere.

Rossellini, 51, filed the suit against the mother of his three children in December on the grounds that Ingrid's divorce from Dr. Peter Lindstrom was not recognised in Sweden. She is not contesting the suit brought because divorce is illegal in Italy.—United Press.

## Post-Mortem On A Goldfish

Chartres, Mar. 13.

French authorities today ordered an autopsy performed on a goldfish in an attempt to probe the mystery of a "ball of fire" seen over the village of Berchères, south of Paris.

The goldfish, found dead in a bowl on the farm of Maurice Lema, was the only clue to the phenomenon, which was accompanied by a nauseating and suffocating odour which forced Lema's family out of the house.—France-Press.

(Contd. on page 10, col. 2)

## Rickshaws In Hollywood

NO LAW AGAINST USE OF VEHICLES; POLICE

HOLLYWOOD, Mar. 13. RICKSHAW owners in Hollywood can relax. There's no law against using one of the leg-powered vehicles here if someone can be found to pull it.

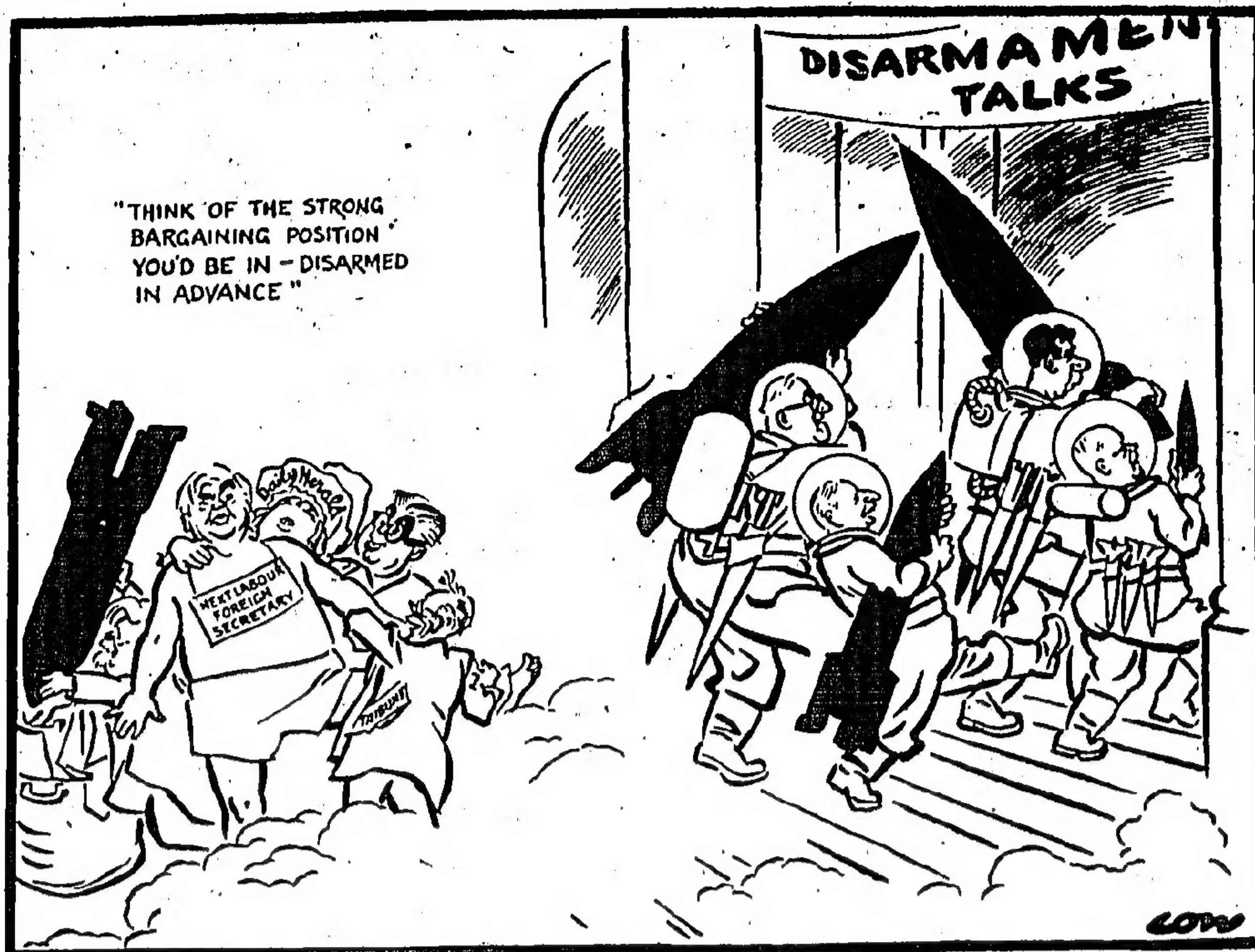
The fine legal point about rickshaws on busy city streets was probed yesterday by police officer J. J. Gray, who answered a citizen's call that a rickshaw was blocking traffic on La Cienega Boulevard.

When he arrived, he found antique dealer Leopold F. Lotz, 27, blocking along between the rickshaw and antique dealer Albert Brown on the seat, scarcely aware of the horn-blowing, hair-tearing motorists.

Lotz explained Brown wanted to buy the rickshaw but only after he made sure it was a good shape. While Brown sounded, officer Gray thumbed the vehicle over. Then he called his watch commander, who said he knew of no law against rickshaws.

Lotz was asked to kindly compensate his rickshaw elsewhere in the future, which is a problem the dealer may not have to worry about. Brown bought the rickshaw for \$450.—United Press.





PREPARED TO NEGOTIATE

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This is the rewriting  
of history in action now



THE  
MOST  
STARTLING  
BOOKS  
IN BRITAIN  
—PART  
TWO

INTERPRETATION BY  
STEPHEN  
CONSTANT



## Today: What they call your marriage: 'a contract for cynics'

NOW Western eyes can see themselves as the Russians are allowed to see them—through the carefully doctored pages of Communism's official version of the world, the Great Soviet Encyclopedia. Interpreted here for the first time, the new Red "line" on people, places and all of history as rewritten and "rethought" to suit the Kremlin, emerges. Today, turning to some of the wider world's people and institutions, it begins with the most basic institution of all... marriage, the Western version, as the ordinary Soviet people are supposed to view it:—

**T**HIS is Love, Marriage, and Divorce... as the Kremlin sees them. **MARRIAGE** in the West: "Bourgeois monogamy has a false, hypocritical character. In fact, monogamy only applies to women; in the majority of cases bourgeois men take up illegal relations with other women, who are forced to do this as a result of poverty and unemployment."

"In fact, prostitution is the inevitable companion of bourgeois marriage. It is typical of bourgeois marriage that it is more like a business contract. Often people who want to marry advertise in the newspapers."

"The marriage announcements in bourgeois newspapers are clear proof of the cynicism of the marriage contract."

### Punishing

"In the majority of Capitalist countries the law gives the husband the right alone to manage the family property, including the private property of his wife."

"According to British law a man can inflict physical punishment on his wife."

"Marriage in the Capitalist countries is going through a heavy crisis—even bourgeois scientists are prepared to admit this."

"The basic aim of bourgeois marriage laws is to safeguard the interests of private ownership and guarantee the husband's privileges in the family."

"Typical of the governing classes of the West is the disintegration of the family, debauchery, particularly among the young people, a sharp fall of the number of marriages and births, and a corresponding rise in divorces."

### Voluntary

**A**LL this, as the reader might expect, is not so in Soviet Russia. "In Soviet Russia for the first time in history marriage is built on the basis of real love, mutual inclination of the man and woman, and genuine monogamy."

"Marriage in the U.S.S.R. is the voluntary and free union of men and women, aimed at

creating a family and contracted according to the conditions established by law."

"The collective interests of the community excludes the possibility of looking on marriage as a private matter. The Government, with its laws, must have a certain effect on marriage."

## And so to Churchill and others

**T**HE encyclopedia gives Churchill 139 lines and one picture. This is only 36 lines more than Harry Pollitt, leader of Britain's Reds—who gets a much larger picture. "Churchill," it reads, "prominent English statesman."

"During the period 1918-1921 Churchill was active in uniting the international reactionary forces for the organisation and carrying out of the intervention against the young Soviet Republic."

"Churchill—who, says Lenin—is the 'greatest enemy of Soviet Russia,' tried, as he himself has admitted, to strangle the Soviet State at its birth."

"Churchill carried out a policy of preserving and in every way strengthening the British Empire, which he considered one of his main tasks."

**L**ATER in World War II after Fascist Germany's treacherous attack on the U.S.S.R., Churchill made a declaration in support of the Soviet Union.

"In July 1941 Churchill's Government concluded with the U.S.S.R. an agreement about joint action against Hitler Germany."

"But Churchill in fact carried out a policy of delaying the opening of a 'Second Front' in Europe. This was not opened until the summer of 1944."

"In March 1940 he made a speech at Fulton (U.S.) in which he called on the Anglo-Saxon nations to unite and form military-political blocs aimed against the Soviet Union and the Peoples' Democracies."

**ETON:** "Teaching at this institution is permeated with the spirit of caste and chauvinism. It aims at educating the future officials of the British Empire, faithful defenders of the exploiting class."

### The leader

**P**RESIDENT EISENHOWER: "During his presidency the armaments race has continued and the country was further militarised. In January 1957 the Eisenhower Administration began a programme of economic and military interference in the affairs of the countries of the Near and Middle East, which came to be called the 'Eisenhower Doctrine.'"

### The Trio...

**N**EHRU: "Prominent Indian statesman... who for taking part in the national liberation movement of India was several times prosecuted by the British Colonial regime... In all he spent about ten years in prison." **PLASCE:** "Well-known French artist, socially active. Member of the French Communist Party. 'His creative development is remarkable by its complexity and contradictions.' **PAUL ROBESON:** 'Famous singer (low bass), actor, leading U.S. progressive and social figure. His songs, urging a struggle for peace, are very popular in the U.S. and other countries.' **JAZZ:** 'Jazz is generated by the degrading bourgeois culture of the United States. The rotten influence of jazz has had its effect on the work of many

American and West European composers."

### The comic

**C**HARLES CHAPLIN: "A great individualistic artist, creator of deeply honest and democratic works, a fighter against war and Fascism."

"In 1954 he was awarded the International Peace Prize."

"In 1947 Chaplin produced the film 'Monsieur Verdoux,' showing up capitalism. The film was violently attacked by the bourgeois Press."

There is, however, a slight dig at Chaplin: "In his early pictures Chaplin mainly used the conventions of crude comedy."

**HOLLYWOOD:** "Main centre of reactionary American propaganda. The aim of films produced in Hollywood is to serve imperialist propaganda, to encourage war psychosis and enmity towards the Soviet Union and the Peoples' Democracies."

### The soldier

**F**IELD-MARSHAL MONTGOMERY: "English field-marshal, one of the main leaders of the armed forces of Great Britain during World War II."

"1948-50 Chief of Staff of the aggressive Western bloc."

**BRITISH LABOUR PARTY:** "While in power in Britain in 1945-51, the Labour Party attacked the working classes and prepared for a new war. After 1951 Labour leaders actively supported the reactionary aggressive policies of the Conservatives."

"The British Labour leaders are the people who split the British and international workers' movement. The policy of the Labour Party is resulting in widespread protests in its rank and file."

When the Bolshevik Ballet visited Britain one of the most brilliant things was to find out the great Ulasov's real age. There were many versions. But the encyclopedia has only one. She was born in 1910.

## LONDON LETTER

# MUNICH—and football, and the outcry against the Press

By Sir Beverley Baxter, MP

**T**O understand the tragedy and outcry that followed the Munich air disaster it is necessary to appreciate what soccer football means to the people of Great Britain. Americans in a satirical mood have mocked soccer as the only game in which the participants use the outside head. Rugby players look down upon it as the sport for the masses. Yet as the League games progress through all the vagaries of autumn and winter weather hundreds of thousands of fans follow the fortunes of their home teams and talk of little else.

At the end of the season comes the Cup Final when the two winning League teams travel to Wembley in Greater London and play it out to finish. Merely to "get into the final" enraptures a team's supporters, and when the great match is over the fans move into central London and make a night of it until their train is ready to take them home.

Among the many good things which Britain gave to the world was sport and its corollary of sportsmanship. Kipling mocked and there have been plenty of satirists who have derided the frenzied supporters of the soccer teams but both cricket and soccer will exist when their detractors are sleeping in the good earth.

But soccer football today is not confined to Britain. The cult has spread to Europe and even in Russia. Players who cannot speak a word of their opponents' language find a common enthusiasm and antagonism in England's national game.

## Break-Up

So in the order of things it was the time of Manchester United to play the Yugoslav team at Belgrade in the International League. There was certain to be a great crowd and, therefore, the players and the management of Manchester United would gain in experience and money. So off they flew in a chartered plane to Belgrade on a wintry day with players, coaches as well as the leading British football sports writers and press photographers.

When the game was over the Manchester players and those who made the journey for them went to the aerodrome for the joyous homecoming journey. The first part of the flight was to Munich and there is no evidence that the plane met with any engine trouble or any other defects on that part of the flight.

It was snowing at Munich when the pilot taxied the plane to the runway. Survivors stated that the engines had apparently developed some trouble. At any rate the plane stopped while he tested everything. Again he revved for the take-off and again he stopped and taxied back to the apron to have a check. The third time he taxied into position and the pilot decided to go full out.

Survivors said that suddenly the plane appeared to be breaking up. There was an ominous rumbling motion and the luggage burst from the racks. Small fires broke out in the luggage section, and part of the engines of the airliner were thrown forward for 150 yards, hitting a fence. Seven players as well as eight journalists and six officials were killed.

These are the grim unadorned facts but it is not too much to say that the whole of Britain was shocked and grieved. The television programmes were interrupted again and again to give items of news. Manchester was a city of horror and suspense.

## Coverage

The British Press, as the Press of any other nation would have done, realised that this was a story of immense interest and flew their reporters and photographers out to Bonn or to any other aerodrome where they could come down reasonably near Munich. In the meantime the Queen had sent a message of sympathy to the Lord Mayor of Manchester: "I am deeply shocked to hear of the accident to the plane carrying players and newspaper men back from Belgrade. Please convey my sympathy to the relatives of those who have been killed and to the injured."

So far I have set down the plain facts of a pitiful tragedy played like a cruel, ironic satire against the background of sport. But now we must move into the fierce zone of controversy.

The journalists and camera men had been sent flying out into the night to carry out their assignment. And what was the assignment? It was that with pen and camera they would describe the scene at the hospital where doctors and surgeons were fighting to save the lives of men that had

never been seen or heard of before. We at home watching our television screens saw the wounded men and the devoted surgeons in the desperate last set of the heartbreak winter tragedy.

It was not until the Tuesday morning that the whole affair took a different turn. The top letter to the Times newspaper was from Mr. Anthony H. Milward, Chief Executive of British European Airways, the Corporation which had supplied the aeroplane that crashed.

In withering terms Mr. Milward described what he saw in the hospital at Munich. He had flown out especially and he was horrified by the horde of British press photographers "waiting for a chance to photograph victims in the wards."

"I hope," wrote Mr. Milward, "that I may be spared from seeing again the flash of camera bulbs from six or more photographers at a time as I walked into the ward in which three men were fighting for their lives, in order to photograph an unconscious man lying in a critical condition in an oxygen tent. I do not feel that it was an edifying spectacle to the German medical staff who were thus impeded in their duties."

## UP COUNTRY BY THURLOW CRAIG



## Mr. Kingfisher lacks skill as an angler

**I** HAVE always wanted to see a kingfisher in action. All that I have read of him implies that the gaudy, seven-inch bird is called "king" because of his consummate skill in fishing, and I believed that his facility was greater in proportion to his size than that of the heron or even the gannet.

So I searched our local rivers, lakes, and canals until I located what might be a kingfisher's nesting-place. It was winter and cold, but there he was, and for some days I spent much time in fruitless watching.

Now, on a morning of brilliant sunshine and scintillating frost, not a local stirred save those on the tree we call "womans tongue," because even on the coldest days it is never still.

From the chimney of a nearby farm rose a thin pencil of smoke straight up until it vanished, so breathless still it was.

## DOZING

On my left a hump-backed bridge spanned the deserted canal, with a farm cart stopped on the crown and the horse dozing, while the cart leaned over the parapet rapidly concentrating on nothing at all.

To my right were the locks that had been opened for years and would never be opened again, their rotten timbers hidden by moss and ferns, permanently shrouded up at the lower side to hold the waters back.

Before me lay a limpid pool half covered with last year's rushes; on the far side, half-sunk in the shallows, were two derelict barges that have been there for years. On their ruined cabin superstructures could still be seen faint traces in blue and red of the crude but friendly designs common to longboats of the Romney.

I mused on the lusty, brawling, tumultuous life that they had known in their many years of service along the maze of inland waterways that were once so busy, and are now so lonely. Babies were born in them, old people died in them, they have known laughter and love, hatred and tears. And they guarded safe the humble treasures of those who called them home... even today.

## FLASHED

Suddenly the kingfisher materialised on the nearest cable-top and sat preening his brilliant feathers in the golden sunlight. I dared not focus my spyglass on him, for I knew that my slightest move would mean another wasted day.

The cart had gone on its lazy way, and I, presumably, had not been seen. The kingfisher suddenly flashed low over the glassy water and zoomed up to rest on a dead branch overhanging the shallows. There he stayed, motionless, lay.

On such a day he knew that there would be fish both big and small warming their frozen fins in those sun-kissed shallows. Even I could see the continual movement of the water stirred by many fish.

Then the peace and calm of that idyllic scene had gone, wiped out by a belly-flopping dive of the little steel-blue and chestnut bird.

Next, half in and half out of those three-inch shallows, he was stabbing viciously with his dark and shining beak.

There was a glint of blood and the smooth skill of the experienced angler.

Then a fish-tail appeared wildly, dailing, shooting fine

Then, as swiftly as he had appeared, he vanished.

Then, as swiftly as he had appeared, he vanished.

Then, as swiftly as he had appeared, he vanished.

Then, as swiftly as he had appeared, he vanished.

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# HK BANK MEETING: CHAIRMAN'S REVIEW

(Continued from page 1)

provisions as to the security of investments, and financial procedures and restrictions, and uncertainties about the incidence and weight of taxation. I hope that this advice, coming as it does from a gathering of representatives of the government, will be given careful consideration. Foreign capital has in the past done much to assist the industrialization of many countries and continues today to increase the productivity of those that are most advanced. It is now being more generally realized that foreign investment is not necessarily tarred with the colonial brush but recent events in Indonesia have shown the disruptive effects that extreme nationalism can have on a nation's economy.

## Hongkong

On the last day of the year, to the traditional sound of Chinese firecrackers, Sir Alexander and Lady Grantham left Hongkong after a governorship of over ten years. By 1947 the Colony had repaired the worst of the damage and neglect left over from the occupation and had resumed its pre-war role as an entrepot for South China but the development of the local industries, which were to provide employment for the growing number of refugees, still lay ahead. These were not easy years but amidst the numerous trials and tribulations which afflicted this part of the world, Sir Alexander stood firm and by his leadership guided the energetic people in Hongkong along the path to the thriving metropolis we now see today. Greatly assisted by his lady, he insulated members of the community with a feeling of social responsibility, which was not always to be found in earlier days, and the numerous charitable organizations in the Colony today owe much to their interest and encouragement.

The pressure of population continues to be the most serious problem facing the Colony and the concentration of such large numbers of people in the urban areas of Kowloon, places a heavy burden on all the public services and in particular on the police force. The recent recommendations of the Governor and the Financial Secretary on the water situation give some idea of the difficulties that have to be overcome in the provision of this basic requirement. It seems clear that even if the Shek Pik scheme on Lantau Island, which should provide workable, will not be sufficient to meet the growing demand of industrial development and improved standards of housing. The government announced at the end of the year that they had appointed a firm of consulting engineers to survey certain areas in the New Territories with a view to exploring the possibility of building self-contained new towns. This proposed development naturally takes time but the necessity of housing and finding work for the large number of Chinese refugees is still a major problem. The General Assembly of the United Nations recently considered this question and appealed to member countries to give all possible assistance to alleviate distress. It would, I think, be optimistic to expect any large response to this appeal but it is naturally a matter for regret that Hongkong seems likely in the future, as in the past, to be required to tackle this problem from her own resources. I hope, however, that the needs of the refugees will not be forgotten and that there will be some relief from abroad.

All the indications are that the population will continue to grow which will necessitate considerable future industrial development and I sometimes wonder whether this will be forthcoming. We have been fortunate in recent years in the inflow of capital, much of which has built up new industries, but it would be unwise to rely on this continuing indefinitely. In spite of the progress of local industries the adverse balance of trade continues to grow; granted in an entrepot this is not too reliable a guide, but the fact remains that the time may come when the "invisibles" will not be sufficient to make up the difference. If this should happen, private enterprise might not be tempted to invest to the extent that it has done in the past and a more positive approach by the government might be necessary to fill the gap. The economic position in the Colony has been so favorable in recent years and so much praise has been expressed abroad at the progress that has been made, that it is easy to become complacent. The dangers I have hinted at may not be so far away, people like to think and it would therefore be wise to consider some preliminary planning to avoid being taken unawares.

Business activity remained at a high level throughout the

year and although there are signs of a slight contraction there seems no end to the number of new buildings that are being built. The amount spent on private building last year was the highest since the war. Visitors continue to be amazed at the speed with which these are constructed and even residents, after a short absence, comment on the changes that can be seen. The supply of flats for the more well-to-do members of the community has probably now reached saturation point but there is an ever-growing demand for smaller flats for the lower income groups. The recently completed North Point Estate, one of the largest state-aided housing projects in Asia, containing nearly 2,000 flats, will help to supply part of this need. A great deal more, however, will require to be done and it is good to know that plans for further housing estates are already under way.

It was announced in November that the Royal Naval Dockyard would be closed down progressively over a period of two years. This decision has been taken as part of the British Government's recent defence policy which includes the re-organization of naval forces and their support throughout the world. Other dockyards are being closed in the United Kingdom and we must accept this decision. It is nevertheless a matter for regret, as not only has this raised the problem of re-employment of the workers but it must inevitably weaken to a certain extent the close connection which has existed for so long between Hongkong and the Senior Service.

On the recommendation of Sir Alexander Grantham, a committee has been formed, composed of local members representing trade and industry, to consider the advisability of setting up a Federation of Hongkong Industries. This organization, it is hoped, will assist with industrial problems of management, training and overseas trade relations. Technical training is a most important adjunct to modern industrial development and Hongkong's new technical college was opened at the end of the year. This will be one of the finest technical colleges in this part of the world.

## Hongkong's Trade

Hongkong's trade in 1957 was higher in total than that of the previous year but this was due to a rise in imports as exports showed a slight decline. Exports were around HK\$9,000 millions with imports at HK\$9,000 millions. China remained the principal source of the Colony's imports followed by Japan and the United Kingdom. Exports to Indonesia, Thailand, Japan and South Korea were much reduced and increases to other areas, including the United Kingdom and the United States, were not sufficient to offset this loss.

Exports of Hongkong products at nearly HK\$794 millions represented a small increase over the figure for 1956. The United Kingdom continued to be the largest customer but purchases of local products by the United States increased by almost 100 per cent, a large part of which was due to the efforts of the garment industry. Although the registration of new factories showed a fall, local industry is becoming more diverse and new lines continue to be actively developed.

Business on the Stock Exchange showed a similar trend to last year and decreased by about 30 per cent over the year. Considering the sharp fall in security values that have taken place throughout the world, the market on the whole stood up very well. Land values remained fairly steady although prices in certain parts of Kowloon continued to rise. There are no longer so many first class sites available in the central district and this has caused buyers to turn to smaller properties, many of which are old and are long overdue for rebuilding.

The bank clearing figures for the year increased by about 11 per cent and reached a total of nearly HK\$17,000 millions, close to the record figure of 1951. Increasing velocity of circulation has been much in the news recently in the United Kingdom. It is interesting to note that in the last two years, here in Hongkong, a similar trend has been evident.

## Finances Of HK

The financial position of the Colony continues to be very satisfactory and a surplus of just over HK\$1 million for the current year is now estimated as opposed to the original deficit of HK\$1.5 million. Even this revision seems to be an underestimate and the Financial Secretary considers it likely that the final result will show a much larger surplus. For the financial year 1958/59 revenue is expected to rise to about the previous year's level but expenditure shows a considerable increase and a deficit

of HK\$87 millions is estimated. The provision for public works, non-recurrent at HK\$403 millions is the main reason for this rise, including as it does expenditure on new schools, hospitals, reservoirs and the airport. It is notoriously difficult to estimate accurately expenditure under this heading but, even if all this money is in fact spent, the Financial Secretary considered it perfectly sound to finance this capital expenditure out of reserves and no increase was made in taxation.

At the meeting of the Legislative Council at which the Governor announced that the Secretary of State for the Colonies had further relaxed the financial control which he exercised over Hongkong and that the annual estimates and supplementary provisions would no longer require his approval. "This is a very important and considerable extension of our financial independence" as the Governor pointed out but I think that when one considers the conservative way in which our affairs have been managed over the last few years there should be no cause for anxiety.

## China

On looking back over the events in China during the past year it is clear that a number of stresses have developed both political and economic. Evidence of this is not difficult to obtain and a study confined to official pronouncements could only lead to the same conclusion. Indeed it would be surprising if it had not. The political and economic changes that have taken place in the whole Chinese way of life in such a short time, with the collectivization of the farms and the great strides that have been made in industrial development. A policy of such rapid growth must rely on a considerable degree of austerity in the present for the sake of the future, and is bound to lead to doubts among certain sections of the population; the extent of these doubts became evident when the much publicized speech of Chairman Mao Tse-tung, indicating that a greater degree of freedom of expression was to be allowed, touched off a wave of critical comment. This period did not last very long and soon press reports from Peking were once again full of confessions by counter-revolutionaries while it became clear that a campaign against "rightists" was actively under way. The extent of the criticism was no doubt embarrassing to the government but there is no evidence to suggest that it has in any way changed the declared policy of pushing ahead at as rapid a pace as possible with the industrialization of the country. This remains a conviction, which I am convinced, will be carried out resolutely and will be limited much more by the results of the harvest than by the opinions of dissatisfied groups. It may be that agriculture will be able to play the part allotted to it as nature will continue, as in the past, to be a dominant influence. If this should prove to be the case the part of the national development may require to be smaller but there seems no doubt that it will still continue to be a sizable slice.

The higher targets which were decided upon after the bumper harvest of 1955 proved too great a strain on the country's economy when last year's crops did not come up to expectation. The reduction in the allocation for economic construction in the budget was one of the signs that the authorities appreciated that the pace was too swift, while a number of official pronouncements show that it is now realized that many of the targets were too ambitious. The shortage of food has been the subject of much comment in the Chinese press and in December pork joined grain, vegetable oils and cotton cloth as a rationed commodity. Speculators, laxity of officials and errors of judgment are all blamed for the present state of affairs but the problem of a balanced distribution of food in a country the size of China, particularly subject to the vagaries of the weather, would seem to be insoluble. Mistakes in the running of collective farms are now being freely admitted, and agricultural development seems likely to be concentrated on improving on the existing model without as yet the introduction of mechanical aids. In an endeavour to raise the standards of rural conditions the movement of government employees from the towns to the countryside is being vigorously directed.

It is against this background that the decision of the United Kingdom and other governments to bring the list of goods which may be exported to China into line with the Russian list must be viewed. In association with British merchants interested in the China trade, we have been urging this relaxation

for some time and we are happy to see that action has now been taken. It would, however, be unwise to expect any great immediate benefit but the visits of both the Parliamentary Secretary to the Board of Trade to China and the Chinese Economic and Technical Mission to the United Kingdom have, I hope, laid the foundations on which a growing exchange of goods may be based. The present volume of British trade with China is not very large and there would seem to be no reason why this should not be materially increased, even if a slowing down of demand for China goods should be found necessary.

The period of the first five-year plan has now ended and it is claimed that industrial output greatly exceeds the original estimate. This, I think, most likely as considerable strides have been made in the production of steel, coal, electric power and cement, to take a few examples, while the bridge at Wuhan, the first to span the Yangtze, is not only a considerable engineering achievement but also a symbol of the industrial revolution in China. The industrial revolution in China has resulted in a production being slowed down. Action aimed at the elimination of these bottlenecks would seem to deserve high priority in the next five-year plan.

## Japan

In our review last year I was able to report that Japan had a satisfactory year of economic expansion despite considerable political difficulties. This year the reverse seems to be true, as, although the economy has continued to expand, the political and economic changes that have taken place in the whole Japanese way of life in such a short time, with the collectivization of the farms and the great strides that have been made in industrial development. A policy of such rapid growth must rely on a considerable degree of austerity in the present for the sake of the future, and is bound to lead to doubts among certain sections of the population; the extent of these doubts became evident when the much publicized speech of Chairman Mao Tse-tung, indicating that a greater degree of freedom of expression was to be allowed, touched off a wave of critical comment. This period did not last very long and soon press reports from Peking were once again full of confessions by counter-revolutionaries while it became clear that a campaign against "rightists" was actively under way. The extent of the criticism was no doubt embarrassing to the government but there is no evidence to suggest that it has in any way changed the declared policy of pushing ahead at as rapid a pace as possible with the industrialization of the country. This remains a conviction, which I am convinced, will be carried out resolutely and will be limited much more by the results of the harvest than by the opinions of dissatisfied groups. It may be that agriculture will be able to play the part allotted to it as nature will continue, as in the past, to be a dominant influence. If this should prove to be the case the part of the national development may require to be smaller but there seems no doubt that it will still continue to be a sizable slice.

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use of the deflationary weapon lest the cure be worse than the disease. Taking everything into account, it seems likely that Japan's economy will continue for some time to be subject to considerable variations unless there is renewed and sustained world economic expansion.

The political situation remained uneventful during the year and very little positive action was taken in internal affairs apart from the financial measures already mentioned. Mr. Kishi retained the cabinet until July but, when the new cabinet was formed, it bore signs of the usual compromise between the different factions, with their varying personal loyalties. The Prime Minister was absent from Japan for a large part of the year making two tours of Asia and visiting the United States and Australia. During these tours he proposed a plan for a South-East Asian Development Fund, which was given a mixed reception. This plan was somewhat vague in outline but the original intention was to set up a fund in U.S. currency available for the supply of industrial equipment from Japan to South-East Asia when it became clear that U.S. currency was unlikely to be forthcoming in a year fund was proposed. Time alone will tell how valuable these tours were but the signing of the peace treaty with Indonesia and the settlement of the reparations issue gave the Japanese government a successful outcome. The last of these Japan continues to maintain the most cordial relations with the United States but economic necessity alone would prevent neglect of her large neighbours. The building up of a viable and independent economy.

Imports during the year have continued at a high level and the market is heavily oversaturated. Great credit for rescuing the country from the disturbed conditions which previously existed is due to the President, Ngo Dinh Diem, and his administration, in which from easy task American advice and assistance has greatly contributed. Consolidation will be the next step and this may prove more difficult, requiring as it will the stabilisation of the present political structure and the building up of a viable and independent economy.

More decisive action can be seen in the rural areas where the improvements in farming equipment and techniques have produced higher yields, while work is proceeding on clearing highland areas and bringing more land under cultivation. Rice exports were resumed and totalled about 200,000 tons for the year but it is hoped to improve on this figure during 1958. Negotiations on reparations continue with Japan and the gap between the two sides is being narrowed. It seems likely that the building of a hydro-electric system on the Danhim river will be included in the final settlement.

Now that the once again a member of international organizations, Japan has been feeling her way searching for a policy which will suit her particular geographical position and satisfy her needs for export markets. For this reason I do not think the last has been heard of the South-East Asian Development Fund.

## Philippines

The sudden death of President Magsaysay in the early part of the year was a severe blow to the people of the Philippines where he had greatly endeared himself. This tragedy, coming as it did in election year, made the contest more open but the Nacionalista Party were once again successful in the presidency although they lost the vice-presidency to the Liberal Party. President Carlos P. Garcia and Vice-President Diosdado Macapagal were duly inaugurated on 30th December and they have assumed office at a critical time in the affairs of the young republic.

This is mainly due to the deteriorating economic situation and the new administration are faced with a number of very grave problems. To quote from the President's recent State of the Nation Address these comprise "food insufficiency, unemployment, rising prices, dwindling international reserves, decreasing revenue collections and increasing budgetary requirements." This is indeed a formidable list and a reduction in consumption would seem to be an essential ingredient for any medicine that is prescribed. Certain steps to this end have already been taken. The redoubtable rate was raised in September from 2 per cent to 4½ per cent and in December importers were required to deposit cash margins—in some cases up to 200 per cent—before letters of credit could be opened and these were restricted to essential commodities. Without the repeal of the "No-Dollar Import Law", which permits barter trade, the monetary authorities are somewhat handicapped in their efforts to impose austerity on the import programme and it is to be hoped that Congress will follow the President's recommendation and re-examine this legislation at an early date. The measures adopted so far will not result in a slowing down of the immediate drain on the foreign exchange reserves but they are in no way a lasting cure. For this reason it is not

surprising that the suggestion for a devaluation of the peso is finding a growing number of adherents and it is true that by many standards the currency is overvalued. Nevertheless it does not seem to me that devaluation of itself is the answer to the problem and in fact there is the danger that once tried there will be the temptation to repeat the experiment. The immediate necessity in the implementation of a strict fiscal and monetary policy to drain the inflation out of the economy and curb unnecessary expenditure. Once the inflationary tendencies begin to weaken then the time might come to reconsider whether the present value of the peso was advantageous to the country as a whole but this should be decided upon as a matter of deliberate policy and not as a rescue operation.

## Vietnam

The Republic of Vietnam has now achieved a considerable degree of political stability and what might be described as the first stage in the task of reconstruction is almost completed. Great credit for rescuing the country from the disturbed conditions which previously existed is due to the President, Ngo Dinh Diem, and his administration, in which from easy task American advice and assistance has greatly contributed. Consolidation will be the next step and this may prove more difficult, requiring as it will the stabilisation of the present political structure and the building up of a viable and independent economy.

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## Cambodia

The National Assembly has been dissolved and pending the result of the new elections a provisional cabinet has been formed. On the whole the political situation remains little changed and Cambodia continues to adopt a foreign policy of strict neutrality. Trade increased over last year with imports and exports more in balance due to a substantial rise in exports of rice. Various light industrial projects are under consideration and efforts are being made to develop a deep-sea fishing industry in the Gulf of Siam. Clearing of the jungle to make a road from the capital to the port of Kompong Som proved more difficult than had been expected but it is hoped that this road will be completed sometime during 1959. The opening of this deep water port will lessen Cambodia's dependence on communications by the river through Viet Nam.

## Thailand

The general elections which were held at the beginning of last year touched off a series of events which have somewhat changed the characters of the political scene. Although the Seri Manangkani party won a comfortable majority, the way in which the elections were run left a feeling of public dissatisfaction which grew more vocal as time went on. In September a bloodless coup d'état, led by Field Marshal Sarit Thanarat, resulted in a caretaker government being established and the withdrawal from the country of Field Marshal Phibul Songgram and General Phao Sriyanond. Fresh elections were held in December and a government was formed from members of the new National Socialist Party. It remains to be seen how this new party, which in

fact a coalition of three other parties, will fare in internal politics especially as, with Field Marshal Sarit Thanarat, deposes for medical treatment to the U.S.A., the three personalities who have dominated Thailand's politics for so long are for the present at least absent from the stage.

Although the import market has been somewhat overstocked, which has resulted in difficult trading conditions with some business failures, the year on the whole has not been unsatisfactory. In spite of the necessity to impose restrictions on the exports of rice during the second half of the year the volume exported during 1957 at one and a half million tons was the highest since the war. This is unlikely to be repeated this year, as the new crop is below average, and the exportable surplus is not expected to exceed one million tons. Teak exports were considerably reduced due to competition from Burma. The budget, which was delayed in the formation of the new government, is expected to be presented shortly.

A survey mission from the International Bank is at present in Thailand to plan a long term development programme and a loan has been granted by this bank for the first stage of the Yarnhee Hydro-electric project.

## Federation Of Malaya

Malayan independence was proclaimed on August 31, 1957, in a colourful ceremony in the new Merdeka Stadium in Kuala Lumpur in the presence of representatives from many nations. The Duke of Gloucester, representing the British monarch, presided over a specially bound volume containing the constitutional instrument providing for the withdrawal of British protection over the Malay States and of the Crown's sovereignty over the settlements of Malaya and Penang. The Federation of Malaya thus became the tenth nation in the Commonwealth and subsequently was elected the eighty-second member of the United Nations. The final arrangements for the transfer were completed swiftly in a spirit of large-heartedness, while the constitution followed to a great extent the recommendations of the Reid Report and seems to be a workable compromise which provides an opportunity for the development of domestic defence and the ruler of Negri Sembilan State was elected by his fellow rulers as the first Constitutional Sovereign of the Federation and at the state opening of the Legislative Assembly outlined the policy of the government. Their first duty was to safeguard the independence of the Federation and to protect the constitution, the initial threat to which came from the Communist terrorists. The government would not dissipate the resources of the country in large-scale foreign or an elaborate foreign service but would concentrate on home affairs and aim "to maintain confidence in the financial standing of the Federation as a field for investment and to provide for the needs of the people." The Anglo-Malayan Defence and Mutual Assistance Treaty, which was signed in October, permitted the United Kingdom forces to be stationed in the Federation to assist in external defence and to provide for the fulfilment of Commonwealth and international obligations.

The Prime Minister made no alterations in his Cabinet and the Alliance Government, which, under his leadership, had done so much to enable the change-over to be completed smoothly, continued to guide the destinies of the country. This was in accordance with the wishes of the majority of the population, as, although ripples of discontent could be deduced from the result of some recent elections, the country as a whole is still strongly behind the present administration. The only disturbing feature has been found in some Chinese schools where the dislike of certain members of that community for some aspects of the government's education policy resulted in outbreaks of indiscipline which in some cases led to violence. It would be unreasonable to expect this honeymoon period in the political life of the new state to last indefinitely but more vigorous forms of opposition is bound to emerge, perhaps before long. Following historical precedents, this would seem likely to come from the left, but there is hope that this may be multi-racial in character and thus avoid issues being decided on a purely racial basis.

In an effort to bring an end to the emergency the government, in September, made a final offer of an amnesty to the terrorists with the option of either remaining in the Federation or returning to China with their families. Over one hundred terrorists took advantage of this offer by the end of the year when it was due to expire and the period was extended to 30th April. There are signs of definite cracks in the terrorist organisation and there is now more ground for

hoping that the ten-year old emergency may be ending. A White Paper was issued in the early part of the year setting out the general plan of capital and development expenditure for the period 1955-1960. This envisaged the utilisation of part of the reserves which will require strict control over the ordinary budget to ensure that revenue is maintained at levels sufficient to protect the reserves so that they can be used to finance part of the capital budget and are not unduly depleted by deficits on the ordinary budget. With revenue dependent to such a large extent on the price of so volatile a commodity as rubber and with future calls on the Government, so difficult to forecast, it is unlikely to prove easy to maintain a continuing surplus of revenue. For the current year a deficit of M\$119 millions is forecast and although estimated deficits in recent years, the low price of rubber will make this more difficult this year. A separate capital budget is expected to be introduced shortly and it may be that some of the projects will be slowed down as present high interest rates make either the formation of a loan or the selling of investments particularly unattractive.

Discussions on the formation of a central bank for the Federation have continued during the year and Mr. W. H. Wilcock, of the Commonwealth Bank of Australia, has been appointed banking adviser and is now in Kuala Lumpur. I do not think it would be appropriate to make any comment on this subject until some definite proposals are announced.

## Tin And Rubber

The test of the effectiveness of the International Tin Agreement came early in the year as experiment will prove successful. At the meeting of the International Tin Council in March, the price range fell and the price began to rise in due to the sympathy with other commodities, the floor price of £730 per ton was reached in October. Both the second and third contributions were subsequently called for and the export restrictions on exports were imposed in December and the period extended in January. The price at which the manager of the buffer stock could sell was lowered and producing countries were asked to contribute to a special fund to be put at the disposal of the buffer stock. These measures will in time reduce the supply but meanwhile the pipeline has to be cleared and increased exports from Malaya are expected. The price of rubber declined slowly during the year and averaged for 1957 around 87½ cents in 1958. In spite of the downward tendency doubts about the arrival of stocks from Indonesia caused a sharp temporary rise in December and this was followed by a recovery. Exports were higher than the previous year and exceeded one million tons. The most notable feature was the considerable rise in exports to Japan.

## Singapore

The talks in London last year were successfully concluded and the way is now clear for the drafting of a constitution to the State of Singapore and the holding of elections for the fifty-one member Legislative Assembly. Any doubts which existed concerning the attitude of the government of the United Kingdom in this connection should have been allayed by the assurance given by Mr. Macmillan on his recent visit. Registration of voters and the new ordinance which provides automatic citizenship for those born in Singapore, with residential qualifications, has been completed and the new electoral rolls are being prepared. The new constitution will provide for full internal self-government with the sole responsibility for maintaining law and order and preventing subversion but the United Kingdom will look after external relations and defence and will have the right to the use of bases in the island. A consultative body, the Singapore Internal Security Council, will be established with certain advisory powers, composed of three members each from Singapore and the United Kingdom and one from the Federation. It is hoped that this body will iron out any difficulties that may arise due to the inter-relationship of internal security and external defence.

(Contd. on page 9, col. 1)



# ANOTHER GOOD YEAR

(Continued from page 8)

In view of this impending change in the form of the administration, it is not surprising that disturbances in Chinese schools and strikes in the docks and among the telephone workers have attracted considerable attention abroad. Many shareholders are no doubt wondering what the future course of events will be but although I do not propose to attempt to give any forecast, there are a few significant pointers which I will mention. In August a White Paper was issued showing the extent of Communist activity and penetration in unions and political parties which was becoming a serious threat to the maintenance of law and order. At the same time, a series of arrests of active subversionists was made which was followed a few weeks later by the detention of a number of students. These strong measures had their effect, and conditions in the schools and relations with labour have greatly improved. The City Council elections were held in December, at which only a third of the eligible members were voted, and resulted in a sharp swing to the left. The behaviour of the supporters of some of the delegates in the early sessions certainly hardly augured well for the smooth working of democratic government, but recent meetings have been quieter and there are signs that the Council are now getting down to business. It is not difficult to find cause for misgiving from some quarters, but it would be premature to look only on the dark side, and dangerous to exaggerate the fears for the future. The responsibility of office has finally been accepted by politicians in other parts of the world view things in a different light, and there is no reason to suppose that this will not happen in Singapore. Nevertheless, it is not surprising that there is a feeling of uneasiness as the economy is so vulnerable to outside influences that any lack of confidence abroad would have disastrous consequences.

In what seems likely to be his last budget address, the Financial Secretary, Mr. T. M. Hart, looked back on what has been achieved in Singapore since the war. During this period \$500 million have been expended on development by the government and the City Council and recurrent expenditure is now more than four times what it was in 1947. A large part of this increase is due to the ever growing demands of education, public health and social welfare but the organisation of the police force to its present high state of efficiency has not been achieved without cost, in spite of the fact that the government must still go on and it will not be as easy in the future as in the past to obtain the required capital from either surplus revenue or institutional investors. Already the government are relying to a large extent on loans from the Central Provident Fund Board, which are naturally limited in amount, and for this reason the pace of future development is likely to be increasingly governed by financial considerations. This will necessitate a degree of co-ordination and the government have set up a Planning Committee to integrate development plans of the various authorities to the extent of the funds available. The current position is not unsatisfactory and increases in taxation this year were confined to the raising of the petrol duty to the same level as that of the Federation and a few minor adjustments but a rise in taxation must be looked for in the future. In fact, it seems likely that some new forms of taxation may be introduced shortly and although this is no doubt inevitable, I hope that these will not include any measures which will damage the free port status.

Malayan total external trade showed a rise of 27% over 1956 but there was an adverse balance of \$230 million compared with a surplus of \$181 million in 1956. This was caused by an increase in imports of over 6% with exports at about the same level as the previous year. It must of course be remembered that there are a number of invisible items such as British military expenditure not included in these figures which make the position not as bad as it looks.

## North Borneo

The racial problem across the sea is not without its influence on North Borneo, where the administration are moving slowly in the direction of the Chinese labour which could be so beneficial to future development. The Governor, in his annual report to the Legislative Council, made it clear that "there is no intention of sacrificing the future to our present needs." Under existing conditions I should hesitate to criticise such a decision but it will inevitably result in progress being slow, which is naturally disappointing to all interested in trading conditions in this area. In Jesselton the building programme has gathered momentum and projects completed during the year include the new market, new government offices and an up-to-date hospital. In Tawau, development of the Quoin Hill area should in time decrease the dependence of the port on the barter trade while in Sandakan the construction of new buildings and roads is being pushed ahead. In Labuan there is little sign, as yet, of expansion but the new Shell installation has been completed which will be the main distribution depot for North Borneo. Trade continued at about the same level as in 1956, and for the first time timber and copra exports combined exceeded rubber in value.

Both the Governor of North Borneo and the Governor of Sarawak have recently broadcast a suggestion that their two territories together with Brunei should form a new form of closer association. No concrete proposals have been put forward and for the present all that is being attempted is to ascertain whether there exist common objectives in favour of federation sufficiently substantial to make it workable. It will be interesting to see how the people of these territories react to the proposed federation.

## Brunei

Draft constitutional proposals were announced by the Sultan providing for the replacement of the State Council by the Privy Council, Executive Council and members of the Legislative Council. Unofficial members of the Legislative Council will be nominated, but the majority of these will be elected by the District Councils. This proposed constitution seems to have received wide support but it is strongly opposed by the Peoples Party.

The State continues to be in a very happy financial position. The surplus for 1957 is expected to be \$3.08 million and investments total \$3.45 million.

A considerable amount of building is in progress and the trunk road connecting the capital with the oilfields is expected to be completed by September of this year.

## Indonesia

Indonesia has passed through troubled times since my last report and, whatever the outcome, it is difficult to see much hope of improved trading conditions in the immediate future. The lack of agreement between influential political figures in the capital steadily weakened the control of the central government over the outer islands where many of the local commanders to a large extent acted independently, merchandising local products to pay and supply their troops. This not only made the chances of any political settlement more difficult but deprived the central government of the revenue and the foreign exchange which would normally have accrued to them. As a result the economic situation deteriorated rapidly with an increase in the money issue, steadily rising government borrowing from the Bank Indonesia and a dwindling of the foreign exchange reserves. These tendencies, which had been evident for some time, became more pronounced during the year, gathered momentum in December when it was decided to expel the Dutch in whose hands so much of the country's trade still remained. The disruption of coastal shipping which was particularly serious matter. Many leading personalities in Indonesia expressed doubts about the wisdom of this action, which was in fact less strictly enforced in the outer islands, and relations between Java and the rest of Indonesia continued to deteriorate. Although political differences played a large part in the growing disunion, the main cause has been economic. Java with its large population has always required more of the country's resources than she has been able to contribute and although this is to a certain extent inevitable, the outer islands have felt that they were not getting their fair share. Whatver the outcome of recent events may be it seems clear that the previous method by which foreign exchange resources were allocated is unlikely to be resumed. Meanwhile barter trade of various types enables necessary supplies to be obtained but this tends to be obtained at the expense of a great deal of this trade are far from favourable and do not benefit the economy of the islands as a whole.

## India

In August, India completed the first decade as an independent country during which period she has developed a considerable degree of political maturity and now exercises a profound influence on neighbouring Asian countries. The elections resulted in the expected victory of the Congress

Party, although they suffered a number of setbacks, particularly in Kerala where a Communist administration took office. This has necessitated certain problems of adjustment at the centre but the Congress supremacy over the country as a whole has not been seriously challenged. Relations with Pakistan unfortunately show no signs of improvement, with the Kashmir problem still outstanding and the dispute over the Irrigation rights in the Indus valley no nearer solution. Trouble still continues on the border of Goa but a settlement has been reached in respect of the Naga areas. On the whole, the political scene shows little change.

The most conspicuous feature of the economic scene has been the steady deterioration in the foreign exchange reserves. When the Second Five-year Plan was drawn up it was anticipated that there would be a foreign exchange gap which would develop towards the middle of the period and it was hoped to meet this by borrowing abroad. Due to a large extent to the rise in the price of sterling balances occurred earlier than was expected and in fact the rapid decrease during the summer was one of the strains which resulted in the weakness of sterling. In spite of a loan in US currency from the International Monetary Fund of the equivalent of \$45 million, the sterling balances dropped from \$400 million at the end of 1956 to \$220 million at the end of 1957, which is a very serious situation. In October it was in fact found necessary to reduce the foreign assets which were required by statute to be held by the Reserve Bank of India. It was India's misfortune that this deterioration in the balance of payments should occur at a time when capital was in short supply and it soon became obvious that assistance would be difficult to obtain. The amount required seems likely to be considerable, as even after paring down the plan to its bare essentials and discarding all the frills it is still expected that there will be a shortfall on external account of over \$500 million. Recently the US Government has announced a loan of approximately \$280 million and has promised to provide surplus agricultural products, while other countries will grant credit on a smaller scale. As a result, the immediate outlook is more promising but the problem of providing sufficient food for internal consumption still gives cause for concern. It had been hoped that food imports were a thing of the past but the harvest has not come up to expectation nor has production increased fast enough to meet the increased demand and a large part of the import trade and were set up with the intention of reducing the cost of living. In this they have had a limited success as although some prices have fallen they have not been able to reduce the cost of living. The fall in the world price of non-ferrous metals will, however, result in lower earnings from this source. In view of the deteriorating state of the foreign exchange reserves it is not surprising that action has been taken to restrict imports and to control and import licensing authorities to bring about a reduction in imports.

The general financial outlook is far from promising. The foreign exchange reserves fell from \$40 million to \$20 million notwithstanding a loan from India; while the failure of the rice crop in certain areas will result in the exportable surplus being only a little over half of the two-million tons shipped last year—scarcely a post-war record. Trade output which was running at about 50 per cent over the previous year's figures is expected to continue to improve and exports increased by about one-fifth. The fall in the world price of non-ferrous metals will, however, result in lower earnings from this source. In view of the deteriorating state of the foreign exchange reserves it is not surprising that action has been taken to restrict imports and to control and import licensing authorities to bring about a reduction in imports.

The semi-governmental organisations which I mentioned last year now handle a large part of the import trade and were set up with the intention of reducing the cost of living. In this they have had a limited success as although some prices have fallen they have not been able to reduce the cost of living. The fall in the world price of non-ferrous metals will, however, result in lower earnings from this source. In view of the deteriorating state of the foreign exchange reserves it is not surprising that action has been taken to restrict imports and to control and import licensing authorities to bring about a reduction in imports.

It will be seen that active steps have been taken to reduce the foreign exchange drain but this has resulted in the index of industrial production starting to decline, having moved steadily upwards since 1951. This is probably due to a combination of a shortage of industrial raw materials and I am glad to see that it has recently been announced that the import of capital goods will not be made at the expense of raw materials. I hope that this policy will be strictly adhered to, as necessary though new industrial investment is, there will be no overall benefit to the economy if existing industries are forced to curtail production.

Last year I pointed out how important it was for the future of parliamentary institutions in Asia that India should succeed in her efforts towards increased industrialisation and this is as important now as it was then. In spite of the difficulties I mentioned above a great deal has already been done and the available capital has on the whole been wisely spent. Progress is being made in the construction of the three new government steel plants and the expansion of the two that are privately owned, while many other projects are completed or nearly so. The industrial delegation, led by Mr. C. D. Datta, which recently visited North America and Europe found genuine sympathy for India's aspirations and willingness to help as far as possible. The delegation, however, was impressed by the serious misgivings which were felt about some of the country's social and economic policies and these criticisms are similar to many that have been made from time to time by industrialists both in India and elsewhere. In particular, the slow growth of domestic savings, which has resulted in a shortage of local capital, could have an unfortunate influence abroad. High taxation is blamed for this shortage and the recent widening of the tax net by the inclusion of the wealth and expenditure tax is unlikely to make the position any easier. "Without profits there can be no

savings, without savings there can be no investment and without domestic investment no securing of capital abroad," the delegation declare in their report and these are words which could with advantage be seriously considered not only by India but by many other countries in the world today.

In conclusion, it is clear that the country faces a difficult time in the immediate future with the probability that things will get worse before they get better. The outlook is, however, not entirely black and it is possible to surmount the troubles of the next few years the increasing industrial investment should begin to make its influence felt.

## Burma

Burma also recently celebrated the tenth anniversary of the attainment of independence and this coincided with a growing improvement in the internal situation. It had been clear for some time that the restoration of law and order must take precedence over economic development and in June the Prime Minister, U Nu, promised that in future this would be his government's policy. The increased expenditure in the budget on the police and defence was practical action along these lines while the surrender of several regional commanders of the terrorists with their followers was evidence that the more vigorous measures adopted were having their effect. Little progress, however, was made in the border dispute with China over territories in the Kachin State.

The general financial outlook is far from promising. The foreign exchange reserves fell from \$40 million to \$20 million notwithstanding a loan from India; while the failure of the rice crop in certain areas will result in the exportable surplus being only a little over half of the two-million tons shipped last year—scarcely a post-war record. Trade output which was running at about 50 per cent over the previous year's figures is expected to continue to improve and exports increased by about one-fifth. The fall in the world price of non-ferrous metals will, however, result in lower earnings from this source. In view of the deteriorating state of the foreign exchange reserves it is not surprising that action has been taken to restrict imports and to control and import licensing authorities to bring about a reduction in imports.

The semi-governmental organisations which I mentioned last year now handle a large part of the import trade and were set up with the intention of reducing the cost of living. In this they have had a limited success as although some prices have fallen they have not been able to reduce the cost of living. The fall in the world price of non-ferrous metals will, however, result in lower earnings from this source. In view of the deteriorating state of the foreign exchange reserves it is not surprising that action has been taken to restrict imports and to control and import licensing authorities to bring about a reduction in imports.

Although it has not been found possible to push ahead with industrialisation with as rapid a speed as was once hoped, quite a large number of projects have been completed and the joint venture arrangements between foreign concerns and the government are working well. Until it is clear that the terrorists' organisation has been broken the pace of future development may be slow but a favourable rice crop this year would alter the economic outlook very rapidly.

## Ceylon

During the year the government were able to implement a number of their election promises. The British bases were handed back, a compromise was reached on the language issue and a select committee was set up to examine the question of revising the constitution. Front this has mitigated against radical action being taken to deal with some of the outstanding problems, the most important of which is the continuing labour unrest, particularly in the port of Colombo. The movement of exports has naturally been hampered and the delays in the port have caused a number of ships to

Ceylon is fortunate in having a comfortable cushion of external assets but the terms of trade moved against her in 1957 and the reserves fell by Rs330 millions, the first year in which they have declined since 1953. The tea crop was a record and in spite of the delays in the port of Colombo, exports of tea for the first eleven months increased both in value and volume, as did exports of rubber. Trade as a whole was greater but as imports showed a larger increase there was an adverse balance of Rs85 millions. A number of measures have already been taken to restrict withdrawal of capital and import duties on luxury goods have increased but it remains to be seen whether or not stricter control of imports will be necessary. The recent floods, although not quite so devastating as had been reported in the press, have caused an increase in expenditure for relief work and repairs, a deficit had already been estimated in this year's budget which seems likely to be increased.

The future economic outlook is somewhat uncertain as is always the case with this country when the price of her export commodities is low. While external events dictate the level of these prices, the other unsatisfactory feature of the economy, namely, the disturbed labour relations, is a problem which must be rectified internally. I hope that action will not be too long delayed.

## Conclusion

Once again I come to the end of my survey of the eastern scene and I am afraid this year it has not been possible to paint quite such a rosy picture. It may be that the post-war boom is ending and that a period of recession is setting in. On the other hand this may be merely a pause before the advent of a further upward surge of world economic expansion.

Time alone will tell but meanwhile I think it would be wise not to count on any rapid improvement in the conditions of the countries which I have been discussing. Commodity prices are still very weak and the resulting adverse reaction has been accentuated by the large limited-scale plans for the development of most of them are on the whole similar; growing populations, a large part of which have a comparatively low standard of living, with their economies dependent on agriculture, subject to severe fluctuations in price. It is not surprising that there is the urge to expand local industry in order not to raise the standard of living but also to make the economy less susceptible to the vagaries of world demand. But rapid industrialisation has its own problems, the most difficult of which is to keep inflation under control. As the projects get under way employment rises and with it demand, particularly for food and basic clothing. Prices go up and it is not surprising that the available foreign exchange is earmarked for the imports of machinery and industrial raw materials. Imports of consumer goods, which would restore the level of prices to what it was before the war, are difficult to pay for. It can be seen that the proper balance among the conflicting claims on the resources available is by no means easy and to point out what is wrong is easier than to show the way of putting things right. No doubt development can be allowed down but this takes time as it is obviously unwise to stop enterprises already half completed. Raw materials must continue to be imported to keep existing industries running and the failure of a harvest or a rise in prices abroad may compound the difficulties. I am not suggesting that errors have not been made nor that administration has not at times fallen down due to inexperience or even more blameworthy causes. Nevertheless any criticisms of the failings of these countries should be tempered with the realisation of the immense difficulties they have faced and if at times they may have aimed too high, surely this is an accusation that could be levelled at many of the most successful examples of human endeavour.

## Mr Blaker Resigns

Mr C. Blaker ceased to be a member of the Legislative Council as from March 7, consequent upon the acceptance of his resignation by the Governor, today's Government Gazette announced.

## HONGKONG BANK CHAIRMAN SAYS:

# ECONOMIC CONDITIONS IN MANY EASTERN NATIONS UNSATISFACTORY

At the Annual General Meeting this morning, Mr C. Blaker, Chairman of the Hongkong and Shanghai Banking Corporation, said that on the whole economic conditions in many Eastern territories had been unfavourable but that on the whole the year had been a satisfactory one.

The profit for the year was a record, amounting to \$21,035,543 which was \$400,000 over the previous year.

Mr F. A. Nixon, seconding the adoption of the report and accounts, congratulated the bank's administration on the "very satisfactory state of affairs."

Addressing shareholders, the Chairman said:

As you will see from the accounts before you the profit for the year amounts to \$21,035,543, which is an increase of \$400,000 over last year's figure. In accordance with our normal practice this profit has been arrived at after making transfers to the credit of our inner reserves out of which full provision has been made for the depreciation in value of our investments and all known doubtful debts and contingencies.

It is proposed that a sum of \$4,000,000 should again be written off Bank premises and, after allowing for this transfer and the interim dividend of \$2 per share, the directors recommend the payment of a final dividend of \$11.125d. per share, leaving a balance of just over \$2,000,000 to be carried forward to next year. As approved by shareholders at the Extraordinary General Meeting held in August, the capital of the Bank was increased from \$25,000,000 to \$50,000,000 by the distribution to shareholders of 200,000 new shares of \$125 each, credited as fully paid up.

This final dividend is, of course, payable on the increased capital and the actual amount which it is proposed to distribute by way of dividend is increased by \$800,000 over the previous year. The reduction in the carry forward is due to the transfer during the year of \$9,000,000 to the Reserve Fund as part of the operation to capitalise part of the Reserve Fund in connection with the new issue of capital.

## Capital Account

Turning to the balance sheet, the Capital Account shows the increase which I have just mentioned but the Reserve Fund remains unchanged at \$128,000,000 due to the transfer of \$9,000,000 from the Profit and Loss Account and \$10,000,000 from Inner Reserves. Hongkong currency notes in circulation show an increase of \$10,000,000 due to the issue of the Hong Kong dollar in January. The Queen recently conferred on him, I am sure you will all agree that this award was richly deserved and was some recognition of the hard work he has put in, not only for the Bank but in the general interests of the Colony. Our banks are also due to the branch managers and the staff for their continued loyalty and efficient service to the Bank.

Before I close there are two matters of local interest to us here in Hongkong which I should like to mention. I should like to place on record my personal thanks to Mr. Robert Black who has returned to the Colony as Governor. Mr. Robert Black has been with me in wishing him a long and successful period as governor. The second matter I wish to mention is the welcome news that the Murray Barracks area of the military land is at long last to be surrendered to the government. This is a matter which has been discussed as long as I have been in Hongkong and in fact turning over the old Minutes of our Annual Meetings, I notice that were described as being a "dream of heights, the value of this area to the business community was urged on the government as a reason for its speedy surrender. Thirty-five years is a long time but it looks as if the development of this area will now become an accomplished fact.

## Satisfactory

On the whole we can look back on a satisfactory year but as shareholders will see from the printed Statement, economic conditions in many of these eastern territories have been unfavourable and the immediate outlook can only be regarded as uncertain. It remains to be seen whether the coming year will prove as profitable as the last but it would be reasonable to hope that we may not find it necessary to allocate any further sums for the purchase of winding down our British Government securities, which has been such a disturbing feature of the last few years.

Before I leave the Balance Sheet I should like to say how pleased you Directors are that the arrangements for the abolition of shareholders' liability of shareholders were satisfactorily concluded during the year. Due to the fact that the Bank is incorporated under a special Hongkong ordinance and we are responsible for issuing such a large part of the Colony's currency the necessary steps to abolish the contingent liability required authorisation by the Hongkong Government and the Secretary of State for the Colonies. I should like to thank the various officials who were concerned in these negotiations, for the ready response they gave to our application, which resulted in the satisfactory conclusion of the operation, entailing as it did a certain degree of delicate timing.

The Balance Sheet of our Californian subsidiary, which is included in the accounts before you, shows signs of steady growth and the new office in Los Angeles got off to a good start.

## New Office

During the year we opened a new office in Sarawak, and arrangements are being made to open an office in Kuching in Sarawak. In view of the disturbed conditions in Indonesia we have decided to close our office in Surabaya. Although this office was opened in 1956 and for a time, previous to the last war, a valuable connection, business recently has been falling off.

The changes in the Board of Directors during the year are shown in the Report which is in your hands and I will make no further comment on them.

Mr G. R. Roper-Caldbeck joined the London Committee during the year and Mr S.W.P. Perry-Aldrich, Senior London Manager, was appointed Deputy Chairman.

I should like to take this opportunity of congratulating the Chief Manager, Mr Michael W. Turner, on the honours which he has received. The Queen recently conferred on him, I am sure you will all agree that this award was richly deserved and was some recognition of the hard work he has put in, not only for the Bank but in the general interests of the Colony. Our banks are also due to the branch managers and the staff for their continued loyalty and efficient service to the Bank.

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## Seconded

Mr F. A. Nixon, in seconding the adoption of the report and accounts, said: It gives me great pleasure to rise and support the adoption of the Report and Statement of Accounts particularly as I understand that this year the profit is the highest in the Bank's history. I am sure shareholders will join me in congratulating the administration on the very satisfactory state of affairs which these accounts show and it is particularly gratifying that the Reserve Liability of Shareholders is now abolished as

with the substantial reserves the Bank has built up, this has long been outmoded. It is many years since I first started my connection with the Bank and I have very pleasant recollections of my dealings with that well-known figure, Mr E. G. Hillier, in Peking in 1905. I have moved a good deal more slowly in those days and a visit at that time to the Bank in Peking was much more of a social call than it can ever be in the very different circumstances of today. Still I am glad to say that we do not seem to have lost the personal touch. Despite the great changes which have occurred in the world since then the Bank has continued to prosper, which says much for the skill with which its affairs have been conducted, and the Balance Sheet now before you gives evidence of the growing strength.

I understand, Sir, that you will be leaving Hongkong very shortly, and I should like to wish you, on behalf of the shareholders, a long and happy retirement. Your connection with the Bank has been a long one as you have served on the Board for a period of over ten years, with the last five in the position of Chairman. I am sure that your experience will be greatly missed by your colleagues.

Mr Blaker, in reply, said: Thank you, Mr Nixon. I greatly appreciate your kind words. My association with the Bank has been a long and happy one.

The Report and accounts were unanimously adopted.

On the proposition of Mr R. B. Bell, seconded by Dr T. T. Mok, three retiring Directors, Messrs J. F. Macgregor, L. Kadoorie and Mr Blaker, were re-elected Directors.

Messrs Peat, Marwick, Mitchell and Co., and Messrs Lowe, Bingham and Matthews, were re-appointed auditors on the proposition of Mr J. F. Macgregor, seconded by Mr D. Brittan Evans.

## MAIL Notices

The latest times of posting are as follows: Registered correspondence posted at G.P.O. Hongkong, the latest times of posting are as follows: In general, it is earlier than the G.P.O. times can be determined by the local office. The latest posting times for registered mail are as follows: Registered mail is earlier than the times shown below. Particulars regarding parcels and other matters can be obtained by enquiry at any post office.

## FRIDAY, MARCH 14

By Air:  
Formosa, 6 p.m.  
Thailand, India, Pakistan, Middle East, Africa, Great Britain & Europe, 6 p.m.  
Hawaii, 6 p.m.  
Japan, Hawaii, U.S.A., C. & S. America, 8 p.m.  
Macao, 1 p.m.  
By Surface:  
HARBOUR, MARCH 15  
Peking, Shanghai, Hankow, Tientsin, Hongkong, 6.30 a.m.  
Japan, 9 a.m.  
Thailand, Malaya, Borneo, Indonesia, Australia, New Zealand, 10 a.m.  
Philippines, Noon.  
Thailand, India, Pakistan, Middle East, Africa, Great Britain & Europe, 6 p.m.  
Hawaii, 6 p.m.  
Japan, U.S.A., C. & S. America, 8 p.m.  
Macao, 1 p.m.  
By Surface:  
HARBOUR, MARCH 16  
Peking, Shanghai, Hankow, Tientsin, Hongkong, 6.30 a.m.  
Japan, 9 a.m.  
Thailand, Malaya, Borneo, Indonesia, Australia, New Zealand, 10 a.m.  
Philippines, Noon.  
Thailand, India, Pakistan, Middle East, Africa, Great Britain & Europe, 6 p.m.  
Hawaii, 6 p.m.  
Japan, U.S.A., C. & S. America, 8 p.m.  
Macao, 1 p.m.



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## DEATHS

**COPLEY MOYLE**—On the 11th  
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short illness, Copley Moyle, in his 60th  
year, Senior Chaplain of St.  
John's Cathedral, 1912 to 1958.

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## NOTICE

### THE HONGKONG & SHANGHAI HOTELS, LIMITED

Notice To Shareholders

NOTICE is hereby given that the Ordinary Yearly Meeting of the Shareholders of the Hongkong & Shanghai Hotels, Ltd., will be held at the Registered Office of the Company (Second Floor, Telephone House, Des Voeux Road, Central, Hongkong), on Saturday, 15th March, 1958, at 11 a.m., for the purpose of receiving the Report of the Board of Directors together with the Statement of Accounts for the year ended 31st December, 1957, to re-elect a Director and to appoint Auditors.

The Transfer Books of the Company will be closed from the 1st March to 15th March, 1958, both days inclusive.

By Order of the Board,  
**A. SOMMERFELT**,  
Secretary.

Hongkong, 22nd Feb., 1958.

## NOTICE TO CONSIGNEES

### "ELFENOR"

Damaged cargo on this vessel will be surveyed by Messrs Goddard & Douglas at 10 a.m. on March 15 and 17, 1958, and consignees are requested to have their representatives present during the survey.

**BUTTERFIELD & SWIRE**  
Agents.

Hongkong, March 13, 1958.

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# Ava Gardner Is Now Goya's Duchess Of Alba

By JACK SCHEMEIL

Rome, March 13.

EVERYONE in Rome wants to know it. Will Hollywood's sculptural Ava Gardner pose in the nude for the film "The Naked Maja"—which is about a famed nude painting by the immortal Spanish artist Goya?

And if she does—who will be allowed on the set during shooting of the scene?

The press department of the Titanus Film Company—which will start shooting this month—expects a flood of telephone calls from newsmen, photographers and television cameramen asking for priority to record the historic scene.

But the callers would do better to save their money. No one will be allowed there except the experts, technicians and performers essential to production of that scene.

"You can be sure if that scene is shot that the set will be hermatically sealed," a spokesman for Titanus said.

The spokesman could not say whether Miss Gardner would have to pose in the nude or whether a stand-in would do.

## Will She Pose In The Nude For The 'Naked Maja'?

The job. In either case it was bound to attract the greatest attention among film experts.

The titillating question was raised by a company announcement that the film would be titled "The Naked Maja" and tell the story of one of legend's most rapturous love stories.

Ava will portray the fascinating Duchess of Alba whose torrid love affair with Goya,

played by Anthony Franciosa, scandalized and thrilled the 18th century.

The title of the film was taken from Goya's famous nude painting for which the Duchess, greatest lady in Spain of her day, is supposed to have posed.

But there is an identical version of the notorious painting—except that in this one the lady portrayed was fully dressed. For decades experts have pondered over what explanation to give for the existence of the two paintings. The most romantic one is that Goya painted the robed Maja to save his skin.

The duchess had told her husband she was posing for a portrait by Goya. But she hadn't told him it was in the nude.

One day the Duke decided to take a look at how Goya's work progressed. He had probably become suspicious of the length of time Goya was taking to finish his work.

So he told his wife he would go round to Goya's studio the next day. Recalling the effect the sight of his nude wife would have on the Duke, Goya worked all night to make a second painting for the Duke—dressed.

And that was how the Duke admired the fully robed figure of his wife to be known as the robed Maja. At least that's how legend tells the story.

And it does not say whether the duke ever did see the Maja Dressed, nor what his reactions were.

Today the question was no longer did the Duke of Alba know about his wife's nude portrait. It was—did producer Gaetano Lombardo tell Ava she might have to pose in the nude and did she accept?

The film, expected to cost \$2,000,000, will be directed by Henry Koster. Work will start at the Fontainebleau studios here this month. Exterior scenes will be shot in Spain in May—United Press.

# Monorail System Abandoned In Sao Paulo

Sao Paulo, Mar. 13.

THE Mayor of Sao Paulo, Senhor Adhemar de Barros has decided that the city's plans for a rapid transport system will have to wait.

He has announced that he is now studying proposals from various private firms for the use of more omnibuses as a temporary measure to ease the situation.

In 1955, the municipal authorities called for tenders for the construction of a rapid transport network covering about 63 miles. The plan finally chosen was that submitted by the Alweg Corporation, of Cologne, in West Germany, and consisted of underground, surface and overhead lines.

## Criticism

At the time there was considerable criticism of the methods used in asking for tenders.

Later, Alweg was reported to have refused to finance the project because it was afraid that the City Council could not repay them. But it was never officially stated whether the plan had been dropped or not.

Now, Senhor Adhemar de Barros, on returning from a trip to Europe where he made a point of studying the systems there, stated that he found the French system too costly and the Alweg system still not approved, even in Europe.

"In Paris," he said, "I rode just over four miles in an underground trolleybus running on pneumatic tyres at an astonishing rate. The cars are comfortable and roomy and they move noiselessly, but I thought to myself: 'How can we contemplate at the moment anything like this in Sao Paulo when we cannot even get the dollars to import machinery and tractors urgently needed for municipal services?' And I noted that the French system is not much dearer than the German one."

## Disappointed

The Mayor also went to Cologne to contact representatives of the Alweg Corporation. "I wanted to gain a personal impression of the system from my own observation and experience," he said. "But I confess to considerable disappointment. The cars are too small for Sao Paulo and do not appear to be as efficient as I had supposed. Apart from this, although one must admit that it is still in an experimental stage, the monorail system is criticised all over Europe. Let us await the outcome of trials, the first of which is now being made in Hamburg. But, in any event, from a theoretical point of view I was disappointed."

Another argument against either an underground or overhead rapid transport system is the length of time it would take to build. Meanwhile, Sao Paulo continues to be described here as the world's fastest growing city, with an ever increasing need for immediate action on public transport.

The Mayor agreed that the queues of people waiting to get to and from work on Sao Paulo's antiquated tram system, and overcrowded bus system, are shocking.

"I have noted that the queues are enormous here," he said,

# China Impressions

(Continued from page 3)

"Women workers have played a tremendous role in the development of this factory," she said. "Formerly the Chinese woman was not respected but now she earns the same money as a man and since we appointed women as foremen production has doubled."

We have special cars allocated to these women workers who are mothers so that their children can be taken to nursery or school in the morning and brought back home at night. Before the liberation, if a woman had children it was impossible for her to work."

## Newsman

My business in China naturally kept me to the cities, but I did visit a village about 40 miles outside Shanghai and there I talked to Chung Chin-chih, a 30-year-old newspaperman who, though married to a journalist with two small sons, volunteered to do a two-year stint as a farm worker.

This volunteer programme is part of the government's effort to increase agricultural production, check the drift to the cities, and take culture and the state's philosophy to the country. It is aided by organisations who release a percentage of their staff for such work, making up their pay while they are away on this work of national service. The volunteers are given spectacular send-offs with bands and mass demonstrations.

Volunteering for work in the country is known colloquially as "going up the hill." The peasants are said to welcome city workers viewing the exodus to the land as a demonstration of the importance of agriculture. It also gives the experts a chance to get first-hand knowledge of agricultural problems. In the Shanghai area the peasants were greatly disheartened with the activities of the regional department of agriculture, and gave lectures, and giving them advice, sowed and cropped on the streets of Shanghai. They complained that the experts were directing the farmers from city blocks. Their protest was recognised and the department is now situated in the country.

## Education

Chung and his companions teach the peasants to read and write and give lectures on various subjects including hygiene. In return they acquire knowledge of the peasants and land problems which are closely related to the success of industrialisation.

The peasants, living off the land, form about 80 per cent of the population. They have a yearly wage of about 210 which is about the nationwide average for a Chinese worker.

Chung Chin-chih lives in a peasant's house with a clerk from a government department who also volunteered. They sleep in the kitchen behind a curtain, and are up at 6 a.m. for an hour's work before breakfast of rice gruel.

Lunch is usually vegetables and rice with the main meal in the evening often including meat or fish.

For example, the pump in this village is inefficient and wasteful and is not used. The explanation is that it has not sufficient power to pump the water to the required level."

## Answer

He said that the obvious answer was for equipment designers to work on the land and see precisely what was wanted, and this was now being done.

"My aching bones convince me that there is an urgent need for machines that can save the colossal wastage of labour in peasant farming," he added feelingly.

The peasants are just as closely organised on a community basis as city dwellers, mostly in co-operatives. They are now being drawn into the rectification campaign, the system by which everyone in the community is invited to make public personal criticisms and suggestions.

"The campaign is being carried out step by step," a high Communist told me. "In many villages the peasants are debating: 'Should we go on towards socialism or not?' I recently visited three villages and my impression was that socialism is being consolidated. The peasants' understanding of this is more intimate than I thought."

## Dying Class

While I was in Shanghai I met in his luxurious home, set in magnificent gardens, one of the dying class of Chinese capitalists. Australian-born David Kwok, who studied at New Bedford, Mass., from 1923 to 1927 and where many interests include the Wing On Textile Manufacturing Company.

I say "dying class" because while they are still drawing dividends from their business, this is only a temporary arrangement. What the Chinese Communists did was to assess the value of a business, and then agree to pay five per cent annual interest on that valuation for a period of seven years to the former owner.

When dividends cease that will be the end of the Chinese capitalist," said Kwok, a devout Presbyterian. He estimated there were about 400,000 capitalists in China, though many of them were one-man concerns.

Kwok said he and his fellow capitalists had had their doubts about the government's ability to stabilise business, but claimed that this had been done and a successful joint state-private enterprise system had been worked out in many fields.

"The government has welcomed our co-operation and we have been granted a reasonable period to readjust ourselves to the knowledge that in the near future we capitalists of China will no longer depend on dividends, but will be remunerated on our contribution to management on the basis of our work."

Critics can say that what the government has done is to assess arbitrarily the values of properties and over a seven-year period pay roughly one-third of that value in dividends. But these assets come from exploitation of the workers, and the settlement, in the view of Chinese capitalists, is a fair and reasonable one.

"Some of my friends in the United States, England and Hongkong will probably say that I am a Communist capitalist. But I believe what I have done is right in the new China," Kwok said.

## China Mail Entertainment Guide

# WHAT'S ON TONIGHT

**KING'S & PRINCESS:** "Short Cut To Hell." Robert Ivers in a drama.

**STAR & METROPOLE:** "Slaughter On 10th Ave." Richard Egan and Jan Sterling in New York's waterfront war.

**ROXY & BROADWAY:** "Peyton Place." Lana Turner and Hope Lange in a strong small town drama.

**HOOVER & LIBERTY:** "The Pride And The Passion." Cary Grant, Frank Sinatra, and Sophia Loren in a technicolour drama.

**ALHAMBRA:** "An Affair To Remember." Cary Grant and Deborah Kerr.

**CAPITOL:** "Across The Bridge." Rod Steiger in a drama.

**RITZ:** "Jeanne Engels." Kim Novak and Jeff Chandler in a drama.

**ORIENTAL:** "Band Of Angels." Clark Gable and Yvonne DeCarlo.

**MAJESTIC:** "Sweet Smell Of Success." Burt Lancaster and Tony Curtis in a drama.

# HANDBOOK OF THE BBC—1958

The foreword of the BBC Handbook 1958 (published on November 30, 1957, price five shillings), says: "The BBC Board of Governors welcomes public interest in how the BBC is run, and what it is doing and aiming to do."

The Handbook goes a long way towards meeting this interest. The latest in the series of BBC Handbooks—the first was published in 1928—gives a picture of the complexity of Britain's national broadcasting organisation.

One table of figures shows that the cost of television broadcasting increased from £2,675 per hour in 1956 to £2,258 per hour in 1957. Sound broadcasting costs also went up—from £540 per hour in 1956 to £575 in 1957.

## AUDIENCE

Referring to the big audience that depends on sound broadcasting, the Handbook points out that in January 1958 there will still be some 10 million adults who have radio but not television receivers in their homes. (In addition, there are some 5 million children in the radio only homes).

Describing the recent changes in the pattern of radio programmes, the Handbook repeats the BBC's assurance that in making these alterations, the Corporation's basic aims and policy remain unchanged.

The Handbook shows how, subject to the requirements of the BBC Charter, the Corporation enjoys complete independence in the day to day operations of sound and television broadcasting, an independence which applies equally to the preparation of programmes for overseas audiences.

Looking ahead, BBC News Division forecasts that "pictures

on tape" will before long be playing an important part in news programmes. A hint in the Engineering Section indicates that BBC technical experts are pressing forward with this development.

Music lovers have long been offered rich fare on BBC sound radio programmes—one-third of the combined output was music in the past year—and the Handbook reports that BBC Television is now bringing music to a new audience.

Full-scale operas on television are seen on the average by around 4,000,000 people. Ballet programmes on BBC Television are even more popular and reach an average audience of about 6,000,000.

## UNDERLINES

The fact that sound and television drama script sections scribble between 500 and 700 scripts each month underlines the endless hunger of broadcasting. "Nothing of value is likely to be written by a Committee," says the Handbook, describing how the Television Script Section helps writers to meet the special demands of writing for television.

One of the most impressive tables in the Handbook lists no fewer than 80 countries throughout the world which regularly rebroadcast BBC overseas programmes. No other broadcasting organisation in the world can show a similar degree of acceptance by overseas listeners.

From the Files

# 25 years AGO

DESPITE continued heavy dumping of Japanese cement in the Colony, the Green Island Cement Company's works resumed operations on Wednesday (March 8). Interviewed yesterday, Mr. Allan Kelly, Secretary of the company, said Green Island Cement prices had been cut down to bedrock to meet the intense competition. Business had revived to a certain extent and fresh orders had come in. It had, therefore, been decided to start one kiln and this step was taken on Wednesday. The company's staff is now working full time.

At the meeting of the Hongkong Rotary Club next Tuesday (March 14) the speaker will be Mr. G. B. Gifford-Hill, Resident Engineer, Straits Water Works Construction Scheme. Subject: A few observations on dams.

THE Lamport and Holt liner, Volturno, now laid up in the Mersey, recently discharged into the muddy waters of the Langton Dock 300 bottles of excellent beer left over from the summer cruising season. As the beer would not fetch good quality until the next season, the company were faced with the alternative of either landing it at considerable loss owing to the heavy duty payable on such dumping, or to destroy it. They chose the latter, and a week or two later it was quietly emptied overboard under the strict supervision of a custom officer. One is inclined to pity those whose job it was to watch such good refreshment being wasted on a few miserable fish.

Captain J. J. Blankert, master of the S. S. Tjibadak, was fined \$10 by the Hon. Commander Hoie, at the Marine Court yesterday for having used the steam whistle of his vessel for a purpose other than navigation on Tuesday morning. The Captain admitted the charge, and said that he used the whistle to salute the captain of another steamer.

ABIGAIL writes in the Woman's World: Ladies, you do not drink enough in spite of all the advice you read. Why go and buy grease in jars and cleanse your skin and apparatus to make it more receptive when scientific drinking would give you a complexion and a skin to shame cosmetics and supple proportioned limbs? One glass on waking, another round about 11 o'clock and yet another just before bed. Surely you can manage three glasses a day?

The Alice Memorial and Affiliated Hospitals Found Day was observed on Friday and proved a great success. The household stores, medical supplies and invalid comforts, together with the gifts of money which were received, will materially reduce the expenditure necessary during the year, and the staff of the Hospital wish to thank all the churches, schools and firms as well as individuals who contributed so generously.

SCREEN Grid writes in Listeners' Club: A report from Warsaw states that a wireless enthusiast who died there recently left a request in his will that his heirs should put his crystal set in his coffin, affix earphones to his head and, that the local authorities be approached for permission to erect an aerial on his grave.

There was a tie in the bogey pool competition on the old course at Farning over the week-end. A. T. Lay (0) and L. Goldman (14) both returned scores of one down and double altogether. On the new course competition was cancelled owing to insufficient entries. O.E.C. Marston (all square) qualified for the Peel Cup.

LONDON—A £2.5 million scheme is being launched by the Manchester cotton trade, which is forming a Lancashire Textile Co-operative Society, in an effort to recapture foreign markets with the aid of lower production costs and improved marketing. Features of the scheme will be the supply of lint cotton direct to the spinners, the bulk purchase of coal, structural steel, a centralised order agency, a trade intelligence service and world distributing agencies.

## TELEVISION

5 p.m. Children's Hour—"Cartoonland." 6 p.m. News.

7.30. "Stranger Than Fiction." 7.45. "The Great Escape."

8.15. "The Great Escape." 8.30. "The Great Escape." 8.45. "The Great Escape." 9.00. "The Great Escape." 9.15. "The Great Escape." 9.30. "The Great Escape." 9.45. "The Great Escape." 10.00. "The Great Escape." 10.15. "The Great Escape." 10.30. "The Great Escape." 10.45. "The Great Escape." 11.00. "The Great Escape." 11.15. "The Great Escape." 11.30. "The Great Escape." 11.45. "The Great Escape." 12.00. "The Great Escape." 12.15. "The Great Escape." 12.30. "The Great Escape." 12.45. "The Great Escape." 1.00. "The Great Escape." 1.15. "The Great Escape." 1.30. "The Great Escape." 1.45. "The Great Escape." 2.00. "The Great Escape." 2.15. "The Great Escape." 2.30. "The Great Escape." 2.45. "The Great Escape." 3.00. "The Great Escape." 3.15. "The Great Escape." 3.30. "The Great Escape." 3.45. "The Great Escape." 4.00. "The Great Escape." 4.15. "The Great Escape." 4.30. "The Great Escape." 4.45. "The Great Escape." 5.00. "The Great Escape." 5.15. "The Great Escape." 5.30. "The Great Escape." 5.45. "The Great Escape." 6.00. "The Great Escape." 6.15. "The Great Escape." 6.30. "The Great Escape." 6.45. "The Great Escape." 7.00. "The Great Escape." 7.15. "The Great Escape." 7.30. "The Great Escape." 7.45. "The Great Escape." 8.00. "The Great Escape." 8.15. "The Great Escape." 8.30. "The Great Escape." 8.45. "The Great Escape." 9.00. "The Great Escape." 9.15. "The Great Escape." 9.30. "The Great Escape." 9.45. "The Great Escape." 10.00. "The Great Escape." 10.15. "The Great Escape." 10.30. "The Great Escape." 10.45. "The Great Escape." 11.00. "The Great Escape." 11.15. "The Great Escape." 11.30. "The Great Escape." 11.45. "The Great Escape." 12.00. "The Great Escape." 12.15. "The Great Escape." 12.30. "The Great Escape." 12.45. "The Great Escape." 1.00. "The Great Escape." 1.15. "The Great Escape." 1.30. "The Great Escape." 1.45. "The Great Escape." 2.00. "The Great Escape." 2.15. "The Great Escape." 2.30. "The Great Escape." 2.45. "The Great Escape." 3.00. "The Great Escape." 3.15. "The Great Escape." 3.30. "The Great Escape." 3.45. "The Great Escape." 4.00. "The Great Escape." 4.15. "The Great Escape." 4.30. "The Great Escape." 4.45. "The Great Escape." 5.00. "The Great Escape." 5.15. "The Great Escape." 5.30. "The Great Escape." 5.45. "The Great Escape." 6.00. "The Great Escape." 6.15. "The Great Escape." 6.30. "The Great Escape." 6.45. "The Great Escape." 7.00. "The Great Escape." 7.15. "The Great Escape." 7.30. "The Great Escape." 7.45. "The Great Escape." 8.00. "The Great Escape." 8.15. "The Great Escape." 8.30. "The Great Escape." 8.45. "The Great Escape." 9.00. "The Great Escape." 9.15. "The Great Escape." 9.30. "The Great Escape." 9.45. "The Great Escape." 10.00. "The Great Escape." 10.15. "The Great Escape." 10.30. "The Great Escape." 10.45. "The Great Escape." 11.00. "The Great Escape." 11.15. "The Great Escape." 11.30. "The Great Escape." 11.45. "The Great Escape." 12.00. "The Great Escape." 12.15. "The Great Escape." 12.30. "The Great Escape." 12.45. "The Great Escape." 1.00. "The Great Escape." 1.15. "The Great Escape." 1.30. "The Great Escape." 1.45. "The Great Escape." 2.00. "The Great Escape." 2.15. "The Great Escape." 2.30. "The Great Escape." 2.45. "The Great Escape." 3.00. "The Great Escape." 3.15. "The Great Escape." 3.30. "The Great Escape." 3.45. "The Great Escape." 4.00. "The Great Escape." 4.15. "The Great Escape." 4.30. "The Great Escape." 4.45. "The Great Escape." 5.00. "The Great Escape." 5.15. "The Great Escape." 5.30. "The Great Escape." 5.45. "The Great Escape." 6.00. "The Great Escape." 6.15. "The Great Escape." 6.30. "The Great Escape." 6.45. "The Great Escape." 7.00. "The Great Escape." 7.15. "The Great Escape." 7.30. "The Great Escape." 7.45. "The Great Escape." 8.00. "The Great Escape." 8.15. "The Great Escape." 8.30. "The Great Escape." 8.45. "The Great Escape." 9.00. "The Great Escape." 9.15. "The Great Escape." 9.30. "The Great Escape." 9.45. "The Great Escape." 10.00. "The Great Escape." 10.15. "The Great Escape." 10.30. "The Great Escape." 10.45. "The Great Escape." 11.00. "The Great Escape." 11.15. "The Great Escape." 11.30. "The Great Escape." 11.45. "The Great Escape." 12.00. "The Great Escape." 12.15. "The Great Escape." 12.30. "The Great Escape." 12.45. "The Great Escape." 1.00. "The Great Escape." 1.15. "The Great Escape." 1.30. "The Great Escape." 1.45. "The Great Escape." 2.00. "The Great Escape." 2.15. "The Great Escape." 2.30. "The Great Escape." 2.45. "The Great Escape." 3.00. "The Great Escape." 3.15. "The Great Escape." 3.30. "The Great Escape." 3.45. "The Great Escape." 4.00. "The Great Escape." 4.15. "The Great Escape." 4.30. "The Great Escape." 4.45. "The Great Escape." 5.00. "The Great Escape." 5.15. "The Great Escape." 5.30. "The Great Escape." 5.45. "The Great Escape." 6.00. "The Great Escape." 6.15. "The Great Escape." 6.30. "The Great Escape." 6.45. "The Great Escape." 7.00. "The Great Escape." 7.15. "The Great Escape."



# TRADE and COMMERCE SECTION

## PUZZLEMENT ON EXCHANGE

### ★ The Share Market At A Glance ★

	Feb 13	Feb 20	Feb 27	Mar 6	Mar 13	Up or Down
HK Bank	835	835	810xd	810s	805s	—5s
London	33 1/4	33 1/4	33 1/4	33 1/4	33 1/4	steady
Union	69b	71	70 1/2	70	71	+1
Wheelock	0.25	0.30	0.30	0.25	0.10	—15c
HK Wharf	118	119m	121m	121	121a	—15.50
HK Docks	51 1/2	51 1/2	51 1/2	51 1/2	51 1/2	—30c
Provident	12.00b	12.00b	12.00	12 1/2	12.20	—50c
HK Hotels	16.00	16.00	16.00	15.80mxd	15.80	steady
HK Land	34	34m	33 1/2	33 1/2	32xd	—50c
HK Realty	1.35b	1.35b	1.375	1.375s	1.375s	steady
HK Trams	24.80	24.80	24.60	23mxd	22.70m	—30c
Star Ferry	124 1/2m	123 1/2	118xd	118m	117a	—11
Yanmata	97 1/2	97 1/2	97 1/2	98 1/2	98 1/2	—12
Ch. Light	17.80	17.10	17.80	17.80	17.10	—40c
Electricity	27.80	27.80	27.80	25.70xd	24.90m	—50c
HK Telecom	26.10s	25.00	24.80m	21.60mxd	21.50s	—20c
G. I. Cement	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	—50c
Dairy Farm	12.10	12b	12.10s	12s	11.70s	—50c
A. S. Watson	5.50n	5.50n	5.50n	5.50s	5.45s	—50c
Yangtze	3.075	3.075	3.075	3.05	3.05s	steady
Allied	4.00b	4.00b	4.00b	4.00b	4.00b	steady
HK & FE Inv	8.50b	8.50b	8.50b	8.50b	8.50b	steady
Textile Corp	8.50b	8.50b	8.50b	8.50b	8.50b	steady
Nanyang	8.50b	8.50b	8.50b	8.50b	8.50b	steady

## The New York Stock Market

New York, Mar. 13.

Stocks moved up fractions to more than 2 points in increased volume and backed away from their best levels before closing time.

Railroad issues featured in percentage gain and reached their best level since Feb. 14 before moving into realising which brought them down somewhat from the best.

Elsewhere, the interest centered on sub-groups of the industrial division which are not presented in the averages—such groups as the camers, packing shares, metals, tobacco, special stocks, and building equipments. Chemicals were a bit ragged and so were the drugs.

Steels, firm of the day, turned irregular. Oil did nothing. Bath Iron Works fell more than 2 points in the shipbuilders.

Industrials registered a small rise in the average, while utilities had their first decline in six sessions.

Of a total 1,142 issues traded, 568 were higher, 319 lower.

New York Stock Exchange volume was 2,830,000 shares. New York Stock Exchange bond volume was \$5,310,000. American Stock Exchange volume was 640,000 shares. Dow-Jones closing averages were:

30 Industrials	454.10
20 rails	106.30
15 utilities	154.18
US stocks	154.18
40 bonds	88.80
Comm. future price index	135.98

### Closing Prices

Alden Inc. Acy.	17 1/2
Allied Chemicals	70
Allied Mills Inc.	20 1/2
Allis-Chalmers	24 1/2
Am. Brake Shoe	27 1/2
American Airlines	42 1/2
American Cable & Radio	41 1/2
American Can	43 1/2
American Cyanamid Co.	53
Amer. & Foreign Power	43 1/2
Am. Gas & Electric	37
Am. Mach. & Foundry	31 1/2
American Metal	44
American Smelting	20 1/2
Am. Sugar Ref.	17 1/2
American Tel. & Tel.	70 1/2
American Tob. Co.	44 1/2
Armco Steel	44 1/2
Armour	14 1/2
Atlas Corp. Mining	13 1/2
Baltimore & Ohio	22 1/2
Beneficial	22 1/2
Beneficial Finance	43 1/2
Boeing Aircraft	1
Boeing Corp.	1
Borden (The) Co.	54 1/2
Burroughs Add. Machine	30 1/2
Cambroil Soap Co.	23 1/2
Can. Pac. R.	25
Case (J. I.) Co.	15 1/2
Cat. Tractor	10 1/2
Celanese Corp.	14 1/2
Ch. I. P. Corp.	49 1/2
Chase Manhattan Bank	49 1/2
Chrysler Motors	42 1/2
Climax Molybdenum	42 1/2
Cluett Peabody	42 1/2
Columbia Carbon Co.	33 1/2
Commercial Credits	53 1/2
Continental Ed. & S.	49 1/2
Continental Oil of Del.	41 1/2
Crown Zellerbach	20 1/2
Cuban Amer. Sugar	21 1/2
Diamond Alkali	23 1/2
Diamond Match Co.	23 1/2
Douglas Aircraft	61 1/2
Dow Chemicals	100 1/2
Dupont de Nemours	100 1/2
Eastern Air Lines	104 1/2
Eastman Kodak	23 1/2
El Paso National Gas	23 1/2
Family Finance Corp.	37 1/2
First Nat. Bk. & Tr.	37 1/2
General Electric	30 1/2
General Motors	30 1/2
Gen. Pub. Util.	30 1/2
Gibson Co.	25 1/2
Glidden Co.	40 1/2
Goodrich (R. F.) Co.	20 1/2
Goodyear Tire	20 1/2
Guilford	20 1/2
Harvard Newspaper Corp.	20 1/2
Hemlock Pulp Co.	20 1/2
Imperial Bank	20 1/2
Ind. Steel Co.	20 1/2
International Harb.	20 1/2

### London Foreign Exchange

London, Mar. 13.

Closing rates were:

New York	2.81-2.81-2.81
Montreal	2.75-2.75
Amsterdam	10.00-10.00
Brussels	10.00-10.00
Copenhagen	10.00-10.00
Oslo	10.00-10.00
Stockholm	10.00-10.00
Zurich	10.00-10.00
Others unchanged	—United Press.

### New York Foreign Exchange

New York, Mar. 13.

Closing rates were:

Canada	1.00
England official	1.00
England 10-day	1.00
France 10-day	1.00
Germany 10-day	1.00
Italy 10-day	1.00
Japan 10-day	1.00
Spain 10-day	1.00
Sweden 10-day	1.00
Switzerland 10-day	1.00
Others unchanged	—United Press.

## NEW YORK RUBBER MARKET

New York, Mar. 13.

Rex rubber futures today closed 20 to 38 points higher with sales of 36 contracts.

Standard contract closed 20 to 38 points higher with no sales reported.

Terminal market steadiness reflected seller weakness in face of Indonesian political situation and uncertainty over the possibility of an increase in the war risk insurance rates from that area.

Some speculative buying was noted in futures, but dealers in the spot market continued to be firm. Interest for other than immediate fill-in needs.

In the shipment market number one ribs were reported done at 20 1/2 cents a pound, March/April, cost and freight. Spot No. 1 Rss was quoted at 20 1/2 cents.

### SINGAPORE

The market had a very quiet day and opened slightly higher on better than expected overseas advices.

After some small business at the opening, the market sagged on some liquidation and some little interest in lower grades. It remained inactive for most of the day. Futures:

No. 1 rubber per lb. March	77 1/2-77 1/2
No. 2 rubber per lb. March	75 1/2-75 1/2
No. 3 rubber per lb. March	73 1/2-73 1/2
Spot rubber unbleached	70 1/2-70 1/2
No. 1 pale crepe	65 1/2-65 1/2
Blanket crepe	64 1/2-64 1/2

### LONDON

The rubber market was steady with spot unchanged at 22 1/2 pence per lb. Futures:

No. 1 rubber per lb. March	77 1/2-77 1/2
No. 2 rubber per lb. March	75 1/2-75 1/2
No. 3 rubber per lb. March	73 1/2-73 1/2
Spot rubber unbleached	70 1/2-70 1/2
No. 1 pale crepe	65 1/2-65 1/2
Blanket crepe	64 1/2-64 1/2

### AMSTERDAM

The rubber market was dull. Prices closed today in guilders per kilogram, cif March as follows:

No. 1 rubber	22 1/2 nom.
No. 2 rubber	21 1/2 nom.
No. 3 rubber	20 1/2 nom.
No. 1 crepe	19 1/2 nom.
Blanket crepe	18 1/2 nom.
Others unchanged	—United Press.

### London Metal Prices

London, Mar. 13.

Prices of metals closed today in sterling per long ton as follows:

Tin spot	71 1/2
Copper spot	105 1/2
Lead 1st half	107 1/2
Zinc 1st half	107 1/2
Others unchanged	—United Press.

## Steady Decline On Market

### Majority Of Stocks Have Heavy Losses

By A SPECIAL CORRESPONDENT

THE big question in Ice House Street this week is "WHY." Why is the market so dull?

Balance sheets of many companies listed on the Stock Exchange have been the best ever. Dividends were very good. The building boom (which took a lot of the market's money away) is now on the downward trend. Somewhere in the region of \$100 million will be distributed this month in dividends.

With all these things in the market it is hard to find the reason behind the current decline on Ice House Street. Although selling was moderate, it was widespread and steady with the result that the majority of stocks fell steadily during the week.

### The Reasons

A number of reasons were put forward by various brokers yesterday. One was that Hongkong was being affected to some extent by the present world economic situation. Another said that the unstable political situation in the Far East was making people wary of investing their money here. A third said that although there was plenty of idle money in the Colony, many people thought it unwise to invest too much in Hongkong. Others want their investments to be in a fairly liquid state so that they would be able to cash their holdings easily on short notice. Some of the reasons for the decline in the market were:

Whatever the reason, there is a feeling on Ice House Street that the market has practically reached the bottom of its decline and that when the dividends are paid out, some of the money will be put back into the market to lift it out of its present state.

### Lone Wolf

The lone wolf in the market this week to tack on a gain was Unions, which closed at \$71—a gain of \$1 on the week.

All the other shares listed either had losses or remained steady. Fifteen were lower and eight unchanged compared with two higher, ten unchanged and 12 lower last week.

The shares to suffer most were utilities and stores, all of which registered losses. Turnover for the week was \$2.29 million—two lakhs less than last week's turnover.

Yanmata Fortes declared an unchanged dividend from last year of \$3.50 for preferred shares and \$5 for ordinary shares. Their interim was \$2.50.

Hongkong Wharves declared a final of \$0.10 which is \$3 more than they declared last year. This is their highest dividend since 1951 when their dividend was \$12.

### Poor Week

Here is an Ice House Street observer's account of the market:

The Stock Market experienced a poor week of steadily declining prices and small turnovers which totalled a little over \$2 1/2 million. There was never sufficient support to counter the moderate selling pressure which persisted throughout the whole week and consequently losses, though gradual, were widespread with the majority of counters closing at the lowest levels.

It is difficult to determine the reasons for the current decline, especially when the market takes into consideration the numerous good dividends which are payable in the very near future.

They should provide substantial funds, part of which would expect to be ploughed back into the market, and it may be that when these funds become available they will produce sufficient purchasing power to lift the market out of its present doldrums.

No stock calls for particular comment, but the main

activity has been in Hotels, Land, Wheelocks and Utilities.

The Market at the close was still on the easy side.

### Market Diary

Here is a market diary of the week:

Friday: Dull and featureless. T/O: \$478,000.

Monday: Lacked support. T/O: \$728,000.

Tuesday: Light scale trading. T/O: \$267,000.

Wednesday: Continued to be heavy. T/O: \$327,000.

Thursday: Lack of support. T/O: \$491,000.

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# CHINA MAIL

Page 12 FRIDAY, MARCH 14, 1958.

**SHEAFFER'S**  
"SNORKEL" PEN  
ADMIRAL'S PEN

## MPs Plea For HK Dockyard Workers

### Naturalisation Granted

The Government Gazette today announced that the following have been granted certificates of naturalisation:

Miss Lee Yu-yee, known as Therese Shuk Wan, student, 10 Belfair Road; Mr. Chow Hor-shing, known as Ah Wan, chief steward, 22 Hennessy Road; Mr. Chen Kai-mow, company manager, 41 Chatham Road, ground floor; Miss Ka Lai-yu, known as Lan Ying-ping, film actress, 28 Pret Avenue, ground floor; Dr. Ong Hui-ling, medical practitioner, 9 Dianthus Road, 1st floor; Mr. To-ming Chan, herbalist, 82 Johnston Road, 1st floor; Mr. Lee Shing, architectural draughtsman, 148 Jaffe Road, 3rd floor; Miss Lee Wai-ling, known as Winnie Lee, known as Lee Wing-mei, student, 79 Granville Road, 3rd floor; Mr. Tang Hsiang-chien, company director, 3 Yun Ping Road, 3rd floor; Mr. Wong Yu-wing, company manager, 89 Village Road, 3rd floor; Mr. Lee Yuen-chai, known as Benjamin C. Lee, hotel manager, 8 Shan Kwong Road, 3rd floor; Mr. Yang Tak-ming, known as Yeung Liong, merchant, 24 Chatham Road, 2nd floor; Miss Huang Ying-yu, known as Esther Huang, doctor of medicine, Lady Ho Tung Hall, University of Hongkong.

### Man Injured

A man, aged 24, sustained serious injuries when he fell from a private van near the Aberdeen Trade School at about 1.40 p.m. yesterday.

The man, Lam Sai, of 141 King's Road is receiving treatment in Queen Mary Hospital.

Mr. R. J. Hardy has been appointed Member of the Board of Examiners as from March 10, according to the Government Gazette published today.

## ESSENTIAL THAT THEY ARE NOT THROWN ONTO SCRAP HEAP

London, Mar. 13. Labour Members of Parliament made a plea in the House of Commons tonight for the workers who will lose their jobs by the closure of the dockyard at Hongkong.

### DOCKYARD REPORT

London, Mar. 13. Mr. Alan Lennox-Boyd, the Colonial Secretary, today gave the House of Commons details of the disturbance in the Hongkong Naval Dockyard on March 1 when police were called in to restore order.

A Labour Member Mr. Stephen Davies, had asked why the police, armed with Thompson sub-machine guns, tear gas bombs and other arms, were ordered into the Dockyard.

Mr. Lennox-Boyd said: "After discharge notices had been given to 12 employees in the Dockyard, a group of workers forced their way into the room of a civilian officer and demanded that the notices be torn up."

"A large crowd surrounded the office outside. The officer refused and was detained in a threatening manner."

"When the crowd persistently ignored requests to disperse, the dockyard authorities asked for police assistance. This was given and order was restored without the use of force."

"The police carried no Thompson sub-machine guns or other automatic weapons," Reuters.

Mr. W. J. Wards, a former Labour Civil Lord of the Admiralty, raised the subject in the debate on the Royal Naval Dockyards.

"He said 5,000 workers in the docks at Hongkong would eventually lose their jobs. It was essential that they should not be thrown on the 'scrap heap'."

They had done a good job for the Admiralty.

Nothing could be worse for colonial relations if it should be thought abroad that the workers would not have the consideration due to them," he said.

**Alternative**

Mr. Edwards asked whether the Admiralty had considered alternative work for them in the island.

As to the dockyard itself, was it intended gradually to evacuate and leave it to rot? Had the Admiralty any ideas for another use that might give employment for those made redundant by this closure?

A Conservative, Admiral Hughes Hallett, said it would be a sign of some mismanagement if the facilities at Hongkong did not pass into civilian control and immediate use when the Navy had finished with them.

"It is difficult to understand why this dockyard does not become available to some civilian concern if the Navy is finished with it."

Mr. Tom Steele, one of Labour's chief spokesmen on Naval affairs, supported the plea for sympathetic treatment of the workers.

"As far as I can understand, the Admiralty at Hongkong are not being as generous as other employers in Hongkong who have found themselves in the same position," he said.

The Trade Unions thought something more should be done. He asked what the terms were under which employment was being discontinued. What scheme had the Admiralty thought up for dealing with redundancy?

Were they in fact doing something similar for the workers at Hongkong Dockyards to what was being done for Naval dock workers in Britain?

Mr. Thomas Galbraith, Civil Lord of the Admiralty, replied that compensation terms were two weeks' pay for every year of service. A man could qualify after one year's service.

**Associated**

Mr. Galbraith said the Colonial Government was associated with the Admiralty in this matter and a local committee had been set up to try and find jobs.

"The information I have is that they have so far done quite well," he said.

Mr. Galbraith said it was not possible to use the Hongkong Dockyard as a whole unit. There was still going to be a small Naval base there and for reasons of town planning the local council wanted to use that area for non-industrial purposes.

The Admiralty was giving gratuities in accordance with what it understood to be good employer terms. It would allow anyone to leave his job earlier than the usual term of notice if they had other jobs to go to and it was trying to find jobs for those who would be made redundant.—Reuters.

### SIDE GLANCES By Galbraith



## Intelligence Man Found Floating In Tokyo Bay

Tokyo, Mar. 14. The body of a 39-year-old US Army intelligence agent, missing since February 4, has been found floating in Tokyo Bay, the Army said today.

The Army called it a possible murder case.

A military spokesman said the body, fished out of the bay by a Japanese policeman on Wednesday, had been tentatively identified as that of a Master-Sergeant attached to the Intelligence Support Centre at Camp Zama near Tokyo. The Centre coordinates all US Army intelligence work in Japan.

The name of the victim was not immediately released.

The Army spokesman said a preliminary autopsy indicated the man was dead before he entered the water. There were bruises on the body and head, he said, but these were not believed serious enough to have caused death.

**RED ACTIVITIES**

Newspaper quoted the police as saying the Sergeant was investigating Communist activities in Japan at the time of his disappearance, but the Army declined to confirm this.

"There is no definite knowledge that he was engaged in cloak and dagger work at the time of death," it said.

Japanese police, who were co-operating in the investigation, told the United Press there was suspicion of murder. The victim was dressed in civilian clothes and his wallet was missing raising the possibility that he was killed in a robbery.

The Army said the soldier's wife had left Japan for the United States two days ago and said attempts were being made to reach her.—United Press.

## SUSPECTS ARRESTED

Three suspects, including a 15-year-old Chinese boy, have been detained by the Police for petty thefts. The offences include the snatching of a jade bangle from a baby in Canton Road, near Nelson Street, yesterday, the snatching of a wallet from a European woman in Chater Road and the theft of a fountain pen from a Chinese near the Marine Department in Connaught Road Central.

In another street theft yesterday, a Chinese woman had a sum of money stolen from her in Nam Kok Road.

## Sale Of Land

Crown land of about 20,000 square feet at the south of King's Road, restricted for residential purposes only, is to be sold by public auction on Monday, March 24, at 3 p.m. at the Crown Land and Surveys Office, Lower Albert Road.

The upset price is \$140,000, and the building covenant is \$750,000 in 30 months. The lease term is 75 years with the option of renewal for one further term of 75 years at a re-assessed rent.

The lot is known as Inland Lot 7562, and is located near Q.B.I.L. 5.

## Exhibition

An exhibition of Chinese painting by Professor Chang Dai-chieh, the most brilliant champion, and exponent of Chinese contemporary art, opens today at East Arts Company, 80 Nathan Road Rear Portion, Kowloon.

Professor Chang became a well-known versatile painter in his early years and his works have been widely displayed throughout the world.

## Urban Council

The Hon. C. G. M. Morrison has been appointed Chairman of the Urban Council and an Official Member of the Legislative Council, vice Mr. D. R. Holmes, according to the Government Gazette today. The appointment is to take effect as from March 10.

## Philippine Consul

The Queen's Exequatur empowering Mr. Jose Formentor to act as Consul for the Philippines at Hongkong has received Her Majesty's signature. It was notified in the Government Gazette.

## Government Tenders

The Government Gazette today published the following particulars of tenders:

Kai Tak development: airport lighting.—General Electric Co. of England, \$2,021,655.79.

Ngaui Tau Kok service reservoir.—Union Construction Co., \$1,584,325.

Construction of new Tuen Wan divisional police station and officers' married quarters.—Cheong Hing Co., \$1,095,023.

Purchase of old locomotives, spare boilers, old wagons and surplus serviceable and unserviceable stores.—Seven contractors, total of \$383,693.

Piling to nurses' and sisters' quarters and nursing school, Kwai Yee Hospital.—The Hongkong Engineering and Construction Co., \$390,560.

Drainage works for Tuen Wan housing scheme: Hongkong Housing Society.—Chi Fook Construction Co., \$199,948.

Equipment for Mount Kellett.—Ajax Engineering and Construction Co., \$171,838.

Construction of offices and quarters for Co-operative and Marketing Department, Castle Peak and Tai-po.—Hsin Chong and Co., \$74,011.10 and \$90,932.00 respectively.

Site formation for a primary school at Chung Hong Street, Hongkong.—Hung Yue and Co., \$171,242.20.

Nissen huts at Kai Tak airport.—Union Construction Co., \$6,500 (payable to Government).

## Exemptions

The Government Gazette today announced that the following premises have been excluded from the further application of the Landlord and Tenant Ordinance, subject to the stated conditions: Nos. 250 and 252, Sai Yung Choi Street; Nos. 7 and 9, Queen's Road East; and Nos. 8 and 10, Wing Fung Street West; No. 90 Electric Road; Nos. 196 and 198, Shanghai Street; Nos. 193 and 200, Sai Yung Choi Street; Nos. 1 to 11 (odd numbers only), Lee Tung Street; Nos. 86, 88 and 90, Johnston Road.

## INCREASED DUTIES WOULD AFFECT HONGKONG

Ottawa, Mar. 13. The Tariff Board was warned today that an increase in duties on imported rubber footwear could be reflected in a cut of Canadian purchases abroad.

Briefs from the United Kingdom, Hongkong and India noted that Canada sells more to those countries than she buys from them.

The two other countries exporting rubber footwear to Canada—Czechoslovakia and Japan—were not represented at the Board hearing on the industry which concluded today.

### Threatened

The Canadian industry, consisting of six firms employing over 5,000 workers, claims the home market is threatened by imports from low-wage countries. The industry wants the board to impose a minimum duty, leaving the present tariff rates practically unchanged.

Such changes would make some foreign shoes sell for a higher price than the comparable Canadian product.

A brief from the Hongkong Rubber Manufacturers Association also emphasised the amount of raw materials purchased from Canada.

If the proposed changes are made in the rates, the brief said, "it will be due to the result of prejudice against Hongkong rubber products and will cause a hard blow on such imports to Canada."

"The result will certainly have a bad influence on the mutual trade between Canada and Hongkong," it said.

### Unfairly

The brief said Hongkong manufacturers were treated unfairly, being granted most favoured nation tariff rates while India falls under the lighter British preferential category.

The Canadian industry's brief, presented at yesterday's opening session, claimed the industry was facing "extinction" unless imports are restricted.

Although controlling over 80 per cent of the home market, the industry claims foreign penetration is increasing.—United Press.

### Company Dissolved

The name of The Shanghai Pharmacy Ltd. has been struck off the register and the company dissolved. It was notified in the Government Gazette today.

### Justice

Mr. D. N. E. Bea resumed his duty as Magistrate as from March 8 upon returning from leave.

### Urban Services

Mr. C. G. M. Morrison, Cadet Officer, Staff Grade, to be Director of Urban Services on March 3 vice Mr. D. R. Holmes on transfer.

### Education

Miss Jean Baker to be a Sub-Inspector of Schools.

Your Latest  
**Easter Bonnets**  
and  
**Garden Party Hats**  
will be on display  
MONDAY — 17th MARCH  
about 100 of the very newest,  
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